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Taiwanese struggle to reform democracy, Page 20

No. 30,564

Wednesday June 15 1988

EUROPE'S BUSINESS NEWSPAPER

D 8523 A

World News White House NY banks chief resigns

citing wife's illness

Mr Howard Baker, the White House of Chief of Staff who guided President Ronald Reagan through the turmoil of the Iran-Contra scandal and two super-power summits, announced his resignation.

resignation.

Mr Baker cited his wife's illness as the main reason for leav-ing. He will be replaced by Mr Kenneth Duberstein, his deputy since March 1987. Page 4

Polish party reshuffle

Reformists have been named to top positions in a Polish Communist Party reshuffle. National Bank President Wladyslaw Baka became a Polithuro member and became a Politician member and Central Committee secretary and Polithuro member Micczyslaw Rakowski, a pragmatist with pro-reform tendencies, will become secretary of the Central Committee.

Japan aid to rise

Japan plans to raise its overseas development aid budget to more than \$500n in the next five years making it the world's largest sup-plier of assistance. Page 3

Setback for tobacco

The US tobacco industry faced its first defeat in a product liability lawsuit when the Federal court awarded \$400,000 in damages to the busband of a woman – a heavy smoker – who died of lung cancer in 1984. Page 20

Dukakis on defence

Democratic presidential candidate Michael Dukakis said be WALL STREET: The Dow Jones opposed costly development of nuclear defence systems and would give priority to strengthenwould give priority to strengthening conventional defence the Nikkei average above the systems. Page 4

Dublin to appeal The Dublin Government said it would appeal against an Irish court's decision to free Patrick McVeigh, IRA ferror suspect, and subject of a British extradition request Page 7

l about rift

UK Labour Party defence spokes-man Denzil Davies resigned, attacking leader Neil Kinnock and deepening divisions in the party. Page 6

Arlane lift-off

The next phase in the evolution of Europe's space industry starts today with the lift-off of a new version of Ariane, the European tellite launcher. Page 2

Contras in US aid talks

Contra rebel leaders met US Administration officials to explore the future of stalled peace talks with Nicaragua's San-dinista Government and a possi-ble renewal of US military aid.

Beirut truce

Beirut's refugee camps.

Spycatcher fever

The UK Government began final attempts to stop press reports on the revelations of former members of the security services saying that 10 people planned to German industry about the rising write books about their own or cost base and labour inflexibility. relatives' work with security ser-

Moscow apologises

Soviet Defence Minister Dmitri Yazov apologised to the US for the 1985 killing of US Army Major Arthur Nicholson by Soviet troops in East Germany, the Pentagon said.

Cross-border fire

Afghan and Pakistani troops exchanged rocket and artillery fire near a strategic border town, killing at least three Pakistani civilians and wounding 10, Pakistani officials said.

High and dry Britain's airlines pledged a big summer crackdown on drunk and unruly passengers.

Business Summary

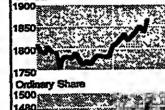
to meet again on merger talks

BANK OF NEW YORK and Irving Bank executives will meet in Bank executives will meet in another attempt to bridge their differences but there are doubts on Wall Street that the meeting will result in an agreement to merge. Irving favours a deal to sell a majority of its stock to Banca Commercials Italiana, second-largest Italian bank. Page 21

NOBEL INDUSTRIES, Swedish armaments and chemicals group, reported an 83 per cent increase in profits for the first four months. Page 22

LONDON: A quiet and cantious morning was transformed by the US trade figures and the FT-SE 100 index jumped from a 7 point





decline to a new post-crash high putting on 27.4 points to 1,866.2. Turnover improved to 481m

industrial average closed up 25.07 at 2,124.47. Page 44

the Nikkel average above the 28,000 level after an earlier retreat as investors moved to the sidelines for the imminent release of the US April trade figures. The Nikkel closed 25.26 higher at 28,061.80. Page 44

DOLLAR closed in New York at DM1.7487, Y126.55, SFr1.4625 and FFr5.8950. It closed in London at DM1.7485 (DM1.7250); Y126.40 (Y125.15); SFr1.4625 (SFr1.4425);

and FFr5.8900 (FFr5.8250). Page

STERLING closed in New York at \$1.7860. It closed in London at \$1.7850 (\$1.8165); DM3.1175 (DM3.1325); Y225.50 (Y227.25); SFr2.6100 (SFr2.6200); and FFr10.5150 (FFr10.5825). Page 33

PHILIPS. Dutch electronics group, is buying out Du Pont's 50 per cent interest in PD Magnetics, the two companies' financially-troubled joint venture in mag netic tape for audio and video electronic products. Page 21

MITSUBISHI CORPORATION large Japanese trading house, achieved a 13.4 per cent revival in consolidated net profits for the year to March. Page 22

A truce agreed in Damascus DEUTSCHE ESSO, part of the between Palestinian factions halted two months of fighting in Belout's refusee camps.

DEUTSCHE ESSO, part of the Exxon US oil group, said 1987 net profits dropped to DM62.5m (\$36.3m) from DM268.9m in 1996.

DANIEL GOEUDEVERT, chairman of Ford-Werke, West German arm of Ford Motor of the US, added his voice to the grow-ing volume of complaints from German industry about the rising

WEST GERMANY'S stock exchanges will officially start publishing a new stock index of the 80 most heavily traded issues on July 1. Page 24

ITALY'S third rescue plan in seven years for its public steel industry was approved by minis-

Paris bourse chiefs resign over reserve fund trading losses

utive of the Paris bourse resigned in tandem yesterday, forced out of office by the revelation of FFr500m (\$86m) of trading losses on the exchange's reserve funds. The new chairman, Mr Regis Rousselle, announced immediately that the stock exchange would raise FFribn of fresh capital in order to top up its guaran-tee fund, which is used to indemnify clients in the event of a member firm's collapse and has been significantly weakened by the trading loss. This would take its total capital and reserves to

The outgoing chairman is Mr Kavier Dupont. The new chief executive is Mr Gerard de la Martiniere, currently bead of the Matif financial futures market, who replaces Mr Philippe de Cos-

The scandal, latest in a long

cess which has begun already of developing new rules shaped to deal with new market realities, among which, of course, are prudential ratios for each individual from "said Mr Milan Soierenburg" said Mr Milan Soierenburg of Warburg in Paris. Just how the bourse authori-

Just how the bourse authorities planned to top up the reserve fund remained unclear yesterday, but balf of the levy is to be through a capital increase "guaranteed by the principal financial institutions" of Paris, and half through a levy on stock exchange needs to introduce more direct monitoring of individual firms' capital adequacy. It was on the Matif and on options based on the Matif s long bond contract that most of the losses wars recorded by the through a levy on stock exchange

Xavier Dupont, who resigned yesterday as chairman of the list of mishaps which in recent months have nibbled away at the severe problems for smaller firms exchange has said they resulted months have nibbled away at the severe problems for smaller firms exchange has said they resulted months have nibbled away at the severe problems for smaller firms exchange has said they resulted months have nibbled away at the severe problems for smaller firms.

credibility of the bourse, is expectively have not formed alliances ted to accelerate the process of with banks or external financial change in the Paris stock market, institutions, as is now permitted

firm," said Mr Milan Spierenburg large hroking firms. They feel that rather than relying on the traditional "market solidarity,"

rms. losses were recorded by the The levy is expected to pose exchange's reserve fund. The

from an employee increasing his exposure in November and December last year, after the change in the Paris stock market, institutions, as is now permitted between the which has already transformed its trading techniques over the past three years.

"This will accelerate the process which has begun already of seeking new shareholders.

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"This will accelerate the process which has begun already of seeking new shareholders."

But many stockhrokers in Paris were still not satisfied last night that the full extent of the damage had been revealed. Some brokers believe the guar-

antee fund may also have been called on to indemnify clients in the wake of the scandals earlier the wake of the scandars earner this year surrounding the Buis-son and Bandoin broking firms, one of which was banned from the Matif and the other put into bankruptcy. Observer, Page 18; Tensions bubble to surface, Page 24

Mitterrand calls on Rocard to assemble new government

Assembly opens next week.

Mr Rocard had formally submitted his government's resignation yesterday in the wake of the Socialists' fallure to win an absolute majority in Sunday's second the former right-wing majority round of voting in the general had made clear they would block election. After initially asking Mr Rocard to stay on until the opening of parliament on June 23. Mr wanted the Prime Minister to form a minority government after the new assembly convened. In his first address since the second round of the French general elections, Mr Mitterrand said last night that he had a "strong and coherent" majority in partiament, though he would have preferred an absolute majority. He said he had urged Mr Rocard as Prime cies and projects and present sooner than expovernment to govern." An absolute majority would require 289 seats.

French citizens. Last night be terms the front with his seve last night has principles of his letter, designed to promote little time trying political initiating the said he had urged Mr Rocard as Prime new government in France.

He said he had urged Mr Rocard as Prime cies and projects and present sconer than expovernment to govern." An absolute majority would require 289 seats.

PRESIDENT François Mitterrand Mr Mitterrand argued that sevident reference to his overtures to the centre.

Socialist Prime Minister, to form West Germany, Sweden and the a new government when the new Netherlands, had been governed to his policy of making overtures. session of the French National in similar circumstances with a

ing of parliament on June 23, Mr
Mitterrand said last night that he in the letter he addressed to all wanted the Prime Minister to French citizens. Last night be

to his policy of making overtures and echoed the words last Sunday of Mr Raymond Barre, the former right-wing prime minis-ter, when he said France needed a coherent majority to defend the country's republican and democratic values

However, the President used his address to attack the right for its attitude during the election towards the National Front and its failure to condemn in clear terms the front's racist policies.

With his seven minute address last night, Mr Mitterrand wasted little time trying to regain the political initiative after failing to win a clear majority on Sunday. His decision to reconfirm Mr Rocard as Prime Minister of the new government also came sooner than expected, although most political observers had forecast that Mr Rocard would be reconfirmed in his position. Centrist party seeks indepen-

Moscow buys time in Armenia

SOVIET anthorities yesterday appeared to have won a hrief respite in the bitter territorial dispute between the southern republics of Armenia and Azer-baijan, but only at the expense of the liver territorial trailing longuratery methodists. There has been no recent information on the situation in the

ters. Page 2

SCHINDLER, Swiss lift maker, is to acquire a majority shareholding in Also Holding, supplier of personal computer systems which last year had sales of SFT185m (\$128.5m). Page 23

baijan, but only af the expense of fuelling longer-term nationalist aspirations.

New Communist Party leaders in the rival republics, installed to take opposing positions when they faced demonstrators on the situation in the arrival republics, installed to take opposing positions when they faced demonstrators on the situation in the arrival republics, installed to take opposing positions when they faced demonstrators on the situation in the arrival republics, installed to take opposing positions when they faced demonstrators on the situation in the arrival republic of the expense of fuelling longer-term nationalist aspirations.

New Communist Party leaders in the rival republics, installed to the enclave, which has been incorporated in Moslem-dominated Azerbaijan since 1923, although 75 per cent of its 184,000 population are ethnic Armenians and mostly the debate starting today.

In Baku, the Azerbaijani capital in Moslem-dominated Azerbaijan since 1923, although 75 per cent of its 184,000 population are ethnic Armenians and mostly the debate starting today.

In Baku, the Azerbaijani capital in Moslem-dominated Azerbaijan since 1923, although 75 per cent of its 184,000 population are ethnic Armenians and mostly the expense of fuelling longer-term nationalist are all the capital strike called off 24 hours mation on the situation in the enclave, which has been incorporated in Moslem-dominated Azerbaijan since 1923, although 75 per cent of its 184,000 population are ethnic Armenians and mostly beat and the capital strike called off 24 hours are promising that the areally by promising that

SFr185m (\$128.5m). Page 23

VPO ADOLF Schindling, West German maker of instrumentation and control systems for vehicles, aircraft and industry, nearly doubled group profits last year, the chairman, said. Page 21

to take opposing positions when they faced demonstrators on the streets of their capitals, although 10,000 demonstrators that his both issued an urgent appeal for calm.

In Yerevan, the capital of Armenia where an estimated year, the chairman, said. Page 21

to take opposing positions when they faced demonstrators on the 10,000 demonstrators that his party newspaper Pravda carried the only report so far published enclave, the local radio reported.

The praesidium of the Azerbai fant at three-week strike had partyear, the chairman, said. Page 21

G7 likely to augment list of economic indicators

By Philip Stephens in London

THE GROUP of Seven industrial nations expects to agree at next week's Toronto summit on the addition of two indices of commodity prices to the economic performance indicators they use as the basis for policy co-ordina-

A decision on the commodity price indicators, which include a relatively small weight for gold, would represent one of the few firm conclusions expected from the economic discussions at the

Another is expected to be an accord on a Canadian proposal to establish a "menu of options" from which Western creditor gov. to stem the US cu ing debt relief to the poorest

their assessment will be reinforced by yesterday's announcement of a further narrowing of the US trade deficit in

April.

Both the US and Canada will push for a firmer commitment to the dismantling of agricultural subsidies and to accelerated progress in the current Uroguay round of interoational trade talks, but they are far from confi-

dent of any breakthrough. Senior officials preparing the summit said they have reached summit said they have reached broad agreement on the composition of the commodity indices. The idea was advocated last year by Mr James Baker, the US Treasury Secretary, to provide an advance guide to inflationary trends in the world economy.

Assuming the proposal is ratified at the summit, the indices will be added to the national economic indicators – ranging from growth and inflation to trade balances — which are already used for policy co-ordination.

The officials have opted for more than one index because of the technical difficulties of improvements in the nominal shows that exports in the past three months are 29.5 per cent closed up 27.4 points at 1,866.2, its three months are 29.5 per cent highest closing level since March last year, while imports have by 13 per cent. Over the past half year the trends have imports have been rising at an annual rate of On the New York Stock more than 43 per cent, while imports have been rising at an annual rate of on the New York Stock more than 43 per cent, while imports have been rising at an annual rate of on the New York Stock more than 43 per cent, while imports have been rising at an annual rate of on the New York Stock more than 43 per cent, while imports have been rising at an annual rate of on the New York Stock more than 43 per cent, while imports have been rising at an annual rate of on the New York Stock Exchange, the Dow Jooes Industrial Average jumped to a new post-October crash peak after days of struggling to surpass the growth has slowed to an annual rate of just under 8 per cent.

In a briefing on the figures Mr previous high of 2,110.08 on April 12. At midsession, the Dow was for policy co-ordination.

The officials have opted for more than one indicators – ranging from annual rate of just under 8 per cent.

In a briefing on the figures Mr previous high of 2,110.08 on April 12. At midsession, the Dow was for policy co-ordination.

ances – which are already used for policy co-ordination.

The officials have opted for more than one index because of the technical difficulties of including oil. Its importance in overall western consumption of main commodities that oil is given a weight of about 50 per cent in one of the indices. The oil price, however, is also notoriously volatile and may be subject as much to the politics of the Organisation of Petroleum Exporting Countries (Opec) cartel as to fundamental economic trends, so the seven bave

Continued on Page 20

Improved US trade sends dollar higher

THE DOLLAR and world financial markets yesterday rallied strongly after the US Commerce Department said the US trade deficit narrowed to \$9.9bn in April from \$11.7bn in March.

The figures, which were seasonally adjusted, were much better than market forecasts which had predicted a \$12bn trade shortfall for April. On European and North Ameri-

can foreign exchanges, the dollar rose sharply despite the reported intervention by the Bundeshank, the West German central bank, to stem the US currency's rise

In Europe, the dollar closed 2 pfennigs higher at DM1.7465, countries of sub-Saharan Africa.
On wider economic and trade issues, the seven plan simply to reaffirm the policy co-ordination pledges and the commitment to stable exchange rates agreed last month at the Organisation for Economic Co-operation and Development (OECD).

The generally upbeat mood of their assessment will be

The lower trade deficit for April reflected a slow-down in consumer imports, and an explosive growth of exports. Exports and imports were in fact sharply down, even on a seasonally adjusted basis, from the bigb statistics for these two months have been distorted by the early the been distorted by the early show that exports in the past three months are 29.5 per cent captured to six months, most Wall Street analysis in months, most Wall Street analysis have regarded these trends as too good to last. The drop in April imports was regarded as especially surprising.

Export demand, however, is still reported to be rising.

Share and bond prices also rose strongly in New York and London with investors encouraged by the strength of the dollar and the favourable pattern of imports and exports displayed in the April figures.

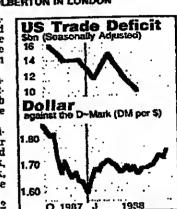
The FT-SE 100 Share Index closed in 27.4 points at 1,866.2, its

improvements in the nominal husiness but eased later to close

shown hy the nominal balance. sessi Export prices had risen by about US shown by the nominal balance.

Export prices had risen by abont
5 per cent in the past year, so
that the export volume gain in
the first four months of the year
was 25 per cent over the same
period in 1987. Import prices,
that the volume increase was less
that the volume increase was less
than 44 per cent.

Session.
US Treasury bonds jumped by
nearly two full points in early
trading as the market's fears of
inflation were eased. UK
giltedged securities followed the
Treasury market up and ended
however, were 7 per cent up, so
more than a point higher.
Editorial comment, Page 18; Lex,
Page 20 than 4½ per cent.



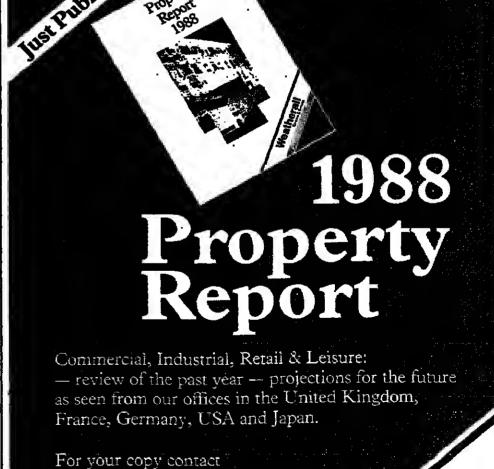
The lower trade deficit for six months, most Wall Street ana-

trade balance following the "very 25.07 up at 2,124.47. By midsesencouraging" April figure.

He said that the volume trends
were even stronger than those

He said that the volume trends
were even stronger than those

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FALLOUT FROM BOMBSHELL RESIGNATION HITS THE UK

Opposition leader Neil Kinnock

could be hurt by his

defence spokesman's move, Page 19

LABOUR PARTY

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BY JOHN WYLES IN ROME

win union acquiescence in job cuts hy a plan for the re-industrialisation of areas affected by clo-

Mar Carlo Francanzani, the Italian Minister for State Participation, will deliver the finished document to the Enropean Commission in Brussels today.

Mr Francanzani's Brussels mission seeks to recruit the Commission's support in advance of next week's meeting of EC steel ministers, who must finally pronounce ters, who must finally pronounce on the acceptability of a fresh injection of funds to recapitalise the reorganised state company, Finsider, henceforth to be known through early retirement and through early retirement and as Ilva

ITALY'S third rescue plan in It will be surprising if the Com-seven years for its public steel mission and other member govindustry was finally approved by eraments accept every last dot ministers yesterday.

Months of delay have tested pressing for stronger guarantees the natience of the European on new jobs and on the future of

community, the country's private steelmakers and Italian trade unions harassed by the prospect of more than 20,000 redundancies.

The final proposal seeks to win EC approval for a further cash injection of around L7,100bn by offering to reduce capacity by 1.2m tonnes.

The Government also aims to win union acquiescence in job curts by a plan for the re-industry on new jobs and on the future of Bagnoli.

The new state steel company will be based on five main plants, largely specialising in flat products, at Taranto, Nove Ligure, Piomhino, Terni and Dalmine. Plants at Campi, two at Turin, one at Sesto San Giovanni and a mill producing round products at Terni will be closed by 1990.

The plan envisages a public sector withdrawal from making merchant plate products through

merchant plate products through the transfer to the private sector of plants at Marghera, San Giovialisation of areas anected by sures together with a partial of plants at Marghera, san sures together with a partial of plants at Marghera, san sures together with a partial of plants at Marghera, san the sures for the Bagnoli plant in The news for Bagnoli, which is

through early retirement and

Finsider lost L1,800bn last year, is now losing about L5bn a day, and has debts of more than L10,000bn.

To a considerable extent the intitives — some of which the variety of loss here. government proposal, final unions complain have long been details of which were not avail in the pipeline — including the able last night, is a basis for creation of a special reindustrinegotiation on three fronts rather alisation fund to be administered than a definitive document.

Ariane due to lift off into a new dimension today

THE NEXT phase in the evolu- price the company charges cusshould start today with the roughly the same as for the curlift-off in South America of a new rent generation of Ariane. For version of Ariane, the European launches in the early 1990s, Ariane.

started flights in 1979, differs
mainly in having a series of extra
boosters fitted around its base.

Arianespace aims to conduct
some eight flights annually and
has an order book worth \$2.5bn

combinations, enabling Ariane-4 than 40 satellites.
to lift into the geostationary orbit
used hy communications sateling the different versions of the cent more than the previous eration of the vehicle.

ican Satellite, a US company space. which plans a transatlantic communications service, a weather in 1980 and is based in Evry, near satellite owned by the European Paris, has built up a track record

radio hams.

Analysts think the flexibility according to Mr Rodney Buckprovided by having a choice of hooster combinations for Ariane-1 will mean Arianespace canfit into its schedule a wide variety of satellite types, a factor that launches during the 1990s is

Ariane 4, the latest generation \$50m (£27m) to put into space a standard 1.2 tonne satellite.

Arianespace is charging roughly \$50m (£27m) to put into space a standard 1.2 tonne satellite.

Arianespace aims to continuous to the early 1990s, Arianespace is charging roughly \$50m (£27m) to put into space a standard 1.2 tonne satellite.

These can be added in several involving the launch of more

lites a total of 4.2 tonnes, 60 per Ariane has come from European overnments, under the ausp of the 13-nation ESA. France has This is reflected in the payload put np 60 per cent of the cash. for today's flight, which consists Operation of the vehicles is, how of a satellite owned by Pan Amerever, in the hands of Ariane-

Space Agency and a small communications vehicle for use by radio hams. which should put it in a good munications vehicle for use by position in the international launcher market in the 1990s,

may belp in marketing.

In spite of the extra power of roughly half the number prethe new version of the rocket, the dicted a few years ago.

French centrist party to seek independent status

rand's stated wish to make an ity of a "government of national opening to the centre appeared to unity" at some future date. come a step closer to fulfilment yesterday when the CDS centrist the Republican Party, the other

Assembly. Socialists, and urged closer links
Though the formation of an with the RPR neo-Gaullist party.

the framework of the UDF groupaim of former Prime Minister Mring and in "alliance" with the Raymond Barre is to promote tha neo-Gaullist RPR party. On Monincreasing independence of an day night the president of the autonomous group in the centre, CDS, Mr Pierre Mehaignerie, in order to establish a more conendorsed the line that there was structive relationship with the no question of leaving the UDF, Socialist Government.

PRESIDENT François Mitter but be also left open the possibil-Mr François Leotard, leader of party indicated that it would seek main component in the UDF, the status of an independent immediately gave a warning political group in the National Assembly.

Socialists, and urged closer links

does not appear that such an development is likely to happen at all quickly.

Yesterday Mr Jacques Barrot, united and linked to the RPR in secretary general of the CDS, said "constructive opposition" to Prestible party would remain inside the fragetoric of the LDE grant.

Great benefits ride on the free flow of EC money

THE EUROPEAN Community's newly-adopted capital liberalisation directive is not only a vital precondition to the success of current proposals to deregulate financial services, but could also accelerate new policies in tax and

currency areas.

It will "enable our financial services to catch up with New York and Tokyo", says Mr Jac-ques Delors, the European Com-mission President, who has special responsibility for economic and monetary affairs.

Mr Gerhard Stoltenberg, the
West German Finance Minister,

calls it "a milestone of great importance on the way to com-pletion of the internal market". He has had the rare satisfaction of seeing Finance Council consideration of this measure (tabled by the Commission only last autumn) start, and finish, during his six-month stint in the chair. This euphoria is grounded in the fact that progressive removal of all remaining obstacles to the

free flow of money in the EC is vital to other pending measures to allow hanks and insurance companies to provide financial services freely across national boundaries. The cross-border writing of

non-life insurance business is vir-tually agreed, and a similar freedom for banks is now being considered by the Council. The most common remaining control on capital is restrictions (by France and Italy as well as the Commu-nity's poorer members) on their citizens opening bank accounts abroad and on their banks lend-

ing to foreigners or in foreign exchange. These restrictions need to (and

under this week's directive will) be lifted if financial service deregulation is to mean anything.
All studies of the EC internal

market programme conclude that many, or most, of the potential benefits will derive from the of distinguishing between those benefits will derive from the inside and outside the Community loan mechanism of Eculébn (£10.5bn) for savings and portfolio investing and a council committees attention from Europe's tence that the EC not be seen as contries in balance of payments as early as pressure may come as early as political architects than industry a financial closed shop. or agriculture. But, equally, the whole European economy should member states to lift capital gain from a freer, and thus bet curbs by July 1 1990, except the

the pooled resources of its 320m

Burns in Madrid.

In a significant modification of its capital

movements liberalisation policy, the Government has raised from one to three years the minimum period of foreign currency borrowing not subject to anthorisation.

In March last year a Bank of Spain directive liberalised all foreign currency credits to the state of to the private sector with a minimum of one year's maturity and of less than Pta 1.5bm

David Buchan and Tim Dickson assess the impact of the capital liberalisation directive

The timetable requires all

ter, allocation of Europe's four poorest countries, which can savings, as Mr Delors stressed. delay action until 1992 (and in Europe's financial services the case of Greece and Portugal should be better able to draw on possibly until 1995).

Two safety nets are the permis citizens, and to compete in the sion for any country to re-impose world market. The scrapping of controls in a currency crisis (but

Two countries, France and Denmark, nearly blocked this

THE SPANISH Government, concerned by the strength of the peseta and by the inflow of short-term loans and "hot money", has reintroduced controls on the entry of short-term foreign capital, writes Tom Surreign Medical Controls on the control of the liberalisation directive there had been the short-term foreign capital, writes Tom The bank said yesterday that following the liberalisation directive there had been intensive use of the foreign financing mechanism. Nearly 60 per cent of the foreign credit operations during the past year had a

one-year life span.

Spanish companies have clearly been attracted by the mechanism, in part because of the punitive domestic interest rates, which were running at a 19 per cent high in May last year before descending to 13 per cent in December. Companies have also been enticed by the prospect of additional

profit margins through the appreciation of

The return to controls comes also in the wake of evidence that hot money inflows to Spain are once more in vogue. An inflow tax harmonisation, the EC still jump of \$2bm in January, which brought spain international reserves up to \$35m, prompted a call by monetary authorities on domestic banks not to borrow foreign funds.

The appeal appears to have had some effect in stemming the inflow. Reserves France after the complete freeing stood at an estimated \$35m at the end of May but in the first 10 days of this month economists reckon a further \$700m has savings and insurance products and the ban on interest payments on current accounts.

report their tax authorities, pro-vided this does not "impede capi-tal movements". including sterling, to join fully in the European Monetary System by 1992. In the end he put his

by 1992. In the end he put his signature to a declaration calling potentially more far-reaching — a commission commitment to come up this year with proposals "for the removal or reduction of the risks of distortious, tax avoidance and evasion" arising from Group of Seven meetings.

However, there is a possible sting in the tall for countries like Britain, which, at least in the monetary and fiscal fields, wants maximum liberalisation with monetary and fiscal fields, wants maximum liberalisation with monetary and fiscal fields, wants ing capital taxes. any more than on Britain to join the EMS. That pressure may come as early as the Hanover summit in two weeks. The West German presidence of the EC Council has been vague about the summit agenda, ing capital taxes.

attempt to solve it by harmonising capital taxes, any more than
it wants indirect VAT taxes harmonised. Mr Nigel Lawson, the
UK Chancellor of the Exchequer,
reminded everyone that London
had a veto on tax issues, which world market. The scrapping of controls in a currency crisis (but controls applies equally to money with required subsequent flows with the rest of the world, approval by the Commission and given the technical impossibility a review of this safeguard clause

Spanish Government reimposes curbs on short-term capital inflows

THE SPANISH Government, concerned by fuelling the needs and unduly increasing profit marging through the approximation of capital inflows

The Danes won permission to keep requiring their banks to a call for all currencies, and unduly increasing profit marging through the approximation of capital inflows

THE SPANISH Government, concerned by fuelling the needs and unduly increasing profit marging through the approximation of capital inflows had a veto on tax issues, which

Although the finance minis-

Ozal rules out Cyprus pull-back

TURKEY'S Prime Minister, Mr Turgut Ozal, yesterday ruled out a partial withdrawai of Turkish occupation troops from Cyprus before a comprehensive federal settlement for the divided island.
"We would like a solution to
the Cyprus problem, hut it has to

be a whole one, not partial," Mr Ozal said on the second day of his visit to Greece, the first by a Turkish Premier since 1952. The Greek side devoted the first day of talks on Monday to raising Cyprus and stressing that the ending of the Turkish military presence there is the key to the consolidation of the rapprochement launched last Janu-

ary in Davos. The Turkish Premier, however, took pains yesterday to exclude Cyprus from the list of key Gre-co-Turkish problems. He stressed that the Davos process must fire concentrate on confidence-building measures, such as economic

West Germans step up foreign investment

By Andrew Fisher in Frankfurt

WEST GERMANS have invested heavily in foreign securities this year, reversing the flow of invest-ment funds into the country and bringing about a large defictt on the long-term capital account latest Bundesbank figures show. They sank a net DM7.3bn (£2.3bn) into foreign securities in April, compared with DM9hn in March, when DM5bn went into foreign currency bonds.

The long-term capital account showed a deficit of DM24bn in the first quarter compared with a DM17bn surplus in the same period of 1987. In March, long-term net capital outflows totalled DM11.5bn, against net inflows of DM2.4bn in the same month of last year. The April def-icit was DM6.3bn.

The surplus on the current account dropped to a seasonally adjusted DM15bn in the first quarter from DM17.5bn in the final quarter of last year. On an Assembly.

Though the formation of an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists party. Inpat quarter of last year. On an with the RPR neo-Gaulists, particular invasibles, including payments to the EC, foreign workers' remittances abroad, and high spending on foreign travel, was DM10bn, thus offsetting some 40 per cent

· A long-running moral skirmish over the role of Daimler-Benz in Hitler's war effort has ended with the motor group agreeing to pay DM20m in com-pensation for ill-treating forced labourers under the Nazi regime.

Daimler will pay DM10m to the US-based Conference on Jewish Material Claims against Germany and DM10m to the Red Cross.

Ministers clear the decks for EC summit

New broom sweeps through Soviet science

THE SOVIET Academy of Sci. The move is the most dramatic ences, the huge institution yet in a wholesale process of the first wave of a steady weed not wait for the normal processons in gout of long-serving scientists dures.

ranks with the sudden retirement streamline the top-heavy admin be relieved of their duties", Mr tum, but nobody expected it to of more than a third of its ruling istration, and revitalise the link Lev Semyonov, the academy's come so rapidly," one western

and administrators.

BY DAVID BUCHAN IN LUXEMBOURG

THE FORTHCOMING European summit at Hanover is expected to focus on long-range European

eign ministers yesterday resolved a complex package of Community house-keeping problems.

The problems stemmed from the broad agreements reached by EC heads of government at their last summit, in Brussels in February, and it was feared that the united ends of the Brussels. untied ends of the Brussels reform package might dominate

the Hanover conclave.

Ministers yesterday agreed on regulations putting into effect the reforms governing farm spending, structural economic assistance to poorer countries and regions, and a new assessment of agreeing a new "inter-institu-member states' contributions to tional agreement" with the Parthe EC budget over the next five liament.

endeavour, has taken a big step

towards the rejuvenation of its

The 16 departing academicians,

all but one of them aged over 75, have been politely but firmly kicked upstairs to what Soviet

observers are already calling a

but none of their sweeping pow-

ers of patronage.

from the European Parliament, which is expected this week.

which is expected this week.

Declaring that "success breeds success", Mr Jacques Delors, the Commission President, yesterday cited the Council of Ministers' success "in 43 hours" in approving capital liberalisation, wrapping up the summit reforms and agraeing a new "inter-institu-

effort to bring in younger scien-

tists to management positions:

between scientific research and Soviet industry.

It coincides with a big effort to promote the social sciences to provide some backing for Mr Mik-

hail Gorbachev's political and

critical economists and sociolo-

years and of bow they contribute to the special budget rebate granted the UK.

The last two reforms, which move contributions more on to the basis of gross national product (as a better measure than value added tax receipts of a country's relative wealth), must be ratified by national legislatures of the 12. All need approval from the European Parliament, with the budgetary under
This last agreement should "avoid many of the disputes and squabbles of the past" between would figure high on the agenda. Much of the wrangling in recent months has focused on the scope for council and parliament, at the overall budget guidelines set to rise from Ecu7bn this year for 1988-92. In doing so, it introduced element of multi-year planning.

With the budgetary under-

duced a badly needed element of multi-year planning.

With the budgetary undergrowth cleared in time for the Hanover summit, Mr Delors hoped that the next summit could "return to its original purpose — a strategy-setting fireside chat, rather acting as a court of appeal having to deal with dossiers that ordinary councils of ministers could not resolve." He and Mr Hans-Dietrich Genscher, the West German Foreign Minis-

Rumours have been around

Announcing their decision last that 75 was going to be the age week to "submit applications to limit for members of the praesid-

were 20 more directors and three. Two of those retiring were Dr

deputy directors of academic institutes, and 160 heads of subdivisions "of an advanced age".

Marchuk's predecessors under the old regime: 85-year-old Anatoly Alexandrov, the immediate

The praesidium members were past president, and Academician anyway due to come up for re-Vladimir Kirillin, who preceded election in 1990, but the move him in his previous job as chair-

suggests that Dr Gurly Marchuk, man of the state committee on elected president of the academy science and technology.

head of personnel, said there observer said,

presses for **EC** links

East bloc

By Tim Dickson in Brussels

THE SPEED with which the European Community and East ern bloc countries are developing closer economic and political ties was underlined in Brussels yes-terday when it emerged that Czechoslovakia and Bulgaria had asked the EC to establish diplomatic relations.

The move follows last week's announcement that the Soviet Union and East Germany had put in requests for the accreditation

These moves, together with the signing later this month of a formal recognition pact between the EC and Comecon, the Soviet bloc trade organisation, confirm the thaw between the two camps.

Yesterday's development also comes hard on the heels of Monday's agreement by Foreign Min-isters that the EC would offer to lift the quotas on Hnugary's exports to the Community by the

· Austria has told its five partners in the European Free Trade Association that if it decided to make a formal application to join the European Community, it would do so in the second half of next year, Robert Taylor reports from Tampere, Finland.

The message was conveyed by Mr Robert Graf, Austria's Trade Minister, to an Efta meeting in Finland at which relations with

Bulgaria turns a blind eye to book fair entrepreneurs

thousands of Bulgarians, ended in Sofia last week. It was rated a great success, although few peo-ple had the chance to buy any of

of the foreign trade surplus.

agreed to some form of barter deal (which would probably mean buying huge quantities of

BY JUDY DEMPSEY,

the books on display.

The fair, officially called "The Book — in the Service of Peace and Progress." takes place every two years and gives publishers from all over the world the chance to show their wares to a

whole range of Soviet scientific institutes and departments, in an

"paradise group" of special advise economic reforms, with the ers, retaining all their privileges, active encouragement of more

society with an insatiable appe-tite for the printed word, espe-cially if it is Western.

The only problem is that Bulgarians cannot buy any of the books with their own unit of currency, the leva. Western publishers normally insist on payment in hard currency. For them, the leva, like all the other East European currencles, is almost worthless since it is not convertible. And since few

hard currency, their only hope is that some of the books they want will eventually find their way to the local library or institute.
"We all have tight budgets in
the institutes," said Andrel, a
young economist. "The hard currency budgets are now being sort of money. So I am simply more and more earmarked for photographing the chapters from

Bulgarians have access to such

RECENTLY IN SOFIA

the works of President Todor Zhivkov, the country's leader) the prices of many Western books are still too high for most

What then can the hapless Bulgarian do about the situation? Stanko, an elderly mathematician who spent the four days of the fair hrowsing through the scores of bookshelves, came up with one solution.

Crouched in the corner behind

one of the many West German bookstands, Stanko took matters into his own hands: he started taking photographs of several chapters of a book which he said was essential for his work. "Look, even if I could buy this book in Bulgaria, and for leva, it would cost about 100 leva in the shops here. That is a third of a month's salary. I haven't got that

THE 18th international book fair, computers or new technology, this German publication which I one of the great highlights for Even if Western publishers need." Stanko was not even bothered about the law on copyright. "I

give the author a mention in my article if my work ever gets pub-lished," he said. As Stanko snapped away, equipped with flash, the West German publisher turned a blind

eye. Even the local security mili-tia, who were in evidence, did not interrupt him.

interrupt him.

Any suggestion that Stanko could photocopy the book was out of the question.

"A photographing machine? You must be mad. Where will we get one here? Ordinary Bulgarians just can't walk into a shop and get something photocopied. These machines are precious These machines are precious items which are only found in the institutes and in official places. And anyway, 1 would have to get permission to do it at my place of work."

Other Western publishers at the fair recognised the problems facing both Bulgerian intellectu-

als and the general public. The lady at the British Council stand did not seem unduly concerned if some of her books disappeared during the fair.
"I know that the staff here or

European Diary

Bulgaria

some of their friends tidy up the exhibition hall in the evenings. And well, some of the books do not get put back on the stands. I suppose they get mislaid or get taken out by mistake," she said in a tone of voice which clearly revealed lyng experience of course. revealed long experience of coun-tries which do not have easy access to Western publications.

"Anyway, it doesn't really bother me. These books are getting read and being circulated displayed. privately. That is really impor-

garian foreign trade organisation which co-operates with the book fair, buys them all for hard currency and then sells them, for lava, to the institutes and libraries. But as one seasoned book fair connoisseur com-mented: "I bet there's a real pecking order in Hemus as to which institutes will get the new

Meanwhile, as publishers were preparing to go home, the organ-isers of the Soviet bookstand were pleased with the local inter-est and turn-out.

est and turn-out.

The Soviet stand was packed with every imaginable book related to glasmost (openness) and perestroiku (restructuring), it was also stocked with new Soviet ig-

post-war Soviet history.

The response was not as great, however, for the East German was Romanian stands, where many books by Mr Erich Honecker, the East German leader, and Mr Nicolae Ceausescu, the Romanian party leader, were prominently

tant," she added.

Before all the books "disappear" however, Hemus, the Bul-The 70,000-or-so Bulgarians

Opposition Labour Party stands ready as Dutch coalition papers over cracks

DUTCH politicians rarely resort to expressions like "political vandalism" and "slander". So when been in opposition for 10 of the Nevertheless it could be a long, Mr Rund Lubbers, the normally pest 11 years. The Socialists, by hot summer in Dutch politics, must be addressed. The Liberals cool Prime Minister, used those adopting a more pragmatic dominated by a plethora of issues favour deeper tax cuts than the

administration Since then, his Christian Democratic party and its Liberal coalition partners have papered over their differences, heading off ing to soldier on for another two the prospect of an imminent divorce. But some observers doubt whether the tired coalition, halfway through a second term, can last until 1990, when elec-

words last week, it was taken as a sign of the most serious politia sign of the most serious politia potential governing partner
cal crisis in the six years of his with either the Christian Democrats or Liberals.

The centrist Christian Democrats and the right-of-centre Liberals have good reasons for want-

of compromise and as a figure, miums more dependant on memorandum that is so secret it Christian Democrats by leaking who stands above the fray. The income, while the Liberals want has been snidely duhbed the information to them over govern-

BY LAURA RAUN IN AMSTERDAM

battle over health care reform 1989 budget, which must be ready

The cabinet itself is also under attack. Yesterday Parliament voted to launch an official inquiry into whether the Foreign Minister is responsible for an embarrassing delay in producing a European Community passport. It was the Prime Minister who precipitated last week's crisis by

attacking the Liberals. Usually estlient politician, he exploded in anger over what was perceived when Parliament again debates a by September. Mr Lubbers, the proposed national health insurance scheme. The Christian Democrats want lower insurance precipits and as a figure of compromise and as a figure minus more dependent on the control of t

perennial swing party that has is to be erased. participated in every post war participated in every post war government, are deeply divided among themselves. Fiscal hardiners want to continue economic austerity, and social activists, headed by partiamentary leader his party into the next round of elections. Thus running that he

the welfare state. lands will become a "social para- tarily been laid to rest.

ment plans to scrap an important investment subsidy scheme.

Beyond that, Mr Lubbers apparently felt be had to reassert his personal anthority over increasing chaos in the Cabinet.

The Christian Democrats, a improve welfare, if the disparity is to be erased. Regardless of how long the cur-

Bert de Vries, want to preserve elections. Thus rumours that he the welfare state.

This debate is essential to the question of whether the Nether-pean Commission, have momenFINANCIAL TEMES

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Dalai Lama

to tell EC

of plan for

Tibetan rule

THE DALAI LAMA. Tihet's exiled religious leader, is to launch a new initiative on the

future of Tibet in an address to

members of the European Parlia-ment in Strasbourg today.

He is expected to state that the whole of Tibet, which includes parts of other Chinese provinces besides the present Autonomous Region, should be a self-governing political entity in association with China, while Peking would be a self-governing political entity in association with China, while Peking would be active presentability for defence

retain responsibility for defence

Japan to double overseas aid in next five years

BY IAN RODGER IN TOKYO

THE Japanese Government plans cent of GNP. assistance spending to more than \$50bn (£27.5bn) over five years, beginning this year, double the rate of the previous five years. If the new medium-term target, which was approved by the Cabinet yesterday, is achieved, it will make Japan the world's largest supplier of aid, surpassing the US, which is now spending about 5th new year. \$9bn per year.

However, as the new target is set in dollar terms, it will not put any onerous additional financial burden on the Japanese treasury unless, of course, the yen weakens considerably in the next

The Cabinet rejected entreaties from the Foreign Ministry and others that it set its new aid spending target as a percentage year of gross national product. However, it has committed itself to reaching the average of OECD's new plan at the summit meeting Development Assistance Commit-

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Japan's aid spending last year totalled \$7.45bm, 0.31 per cent of

The Government has also undertaken, as expected, to improve the quality of its assistance overseas, expanding grant and to the least developed countries, providing more technical assistance to developing countries and extension more manufactures.

assistance to developing com-tries and contributing more man-power and finance to the interna-tional aid organisations.

It expects at least to double the amount of debt relief for the least developed countries in the next five years compared with the \$330m forgiven over the last 10 years. It also will try to provide relief to countries that borrowed money in yen and now have to pay it back in more expensive

tee countries by this measure—lised nations in Toronto next ment, which is about 0.35 per week.

Ruling party leadership backs controversial tax

BY STEFAN WAGSTYL IN TOKYO

programme.

The plan was published yesterday after weeks of debate by the

brought into the tax net for the
first time.

In addition to the 3 per cent

Prime Minister, plans to call an in income tax worth Y5,600bn extraordinary session of the Diet (£24.6bn) a year, to be introduced for mid-July to consider the tax in two stages. The threshold for proposals, which include reforms inheritance tax exemption would of tax on alcohol and cars and a reduction in incoma tax rates. reduction in income tax rates. ries simplified retroactively from January this year. Higher thresh-

JAPAN'S ruling Liberal Demo-cratic Party leadership has keepers, the core of the LDP's backed the introduction of a 3 per cent consumption tax as the cen-trepiece of a radical tax reform brought into the tax net for the

party's tax reform panel in a indirect tax, the tax panel yestermove tantamount to a Cahinet day also proposed an extra 3 per proposal. Nevertheless, the cent levy on cars. This would scheme is likely to run into considerable opposition from rankand-file party members in the
Diet (parliament).

Mr Nohoru Takeshita, the

The panel recommended cuts

might lose 40 of its 301 seats in olds for income tax would be the Lower House if the reforms introduced from next January.

N Korea debt plan dissent BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

Disagreement has emerged Zealand Bank Corporation

among North Korea's leading whose lending was originally pri-bank lenders to a plan which marily to finance trade, calls for the lorgiveness of two-thirds of the country's foreign debt to western banks.

While the Morgan Grenfell the Morgan Grenfell the western banks describes only two potions, the debt for

North Koreans with Morgan Grenfell, the head of one of two bank groups that made the loans to the country in the 1970s. How-ever, opposition to the plan has

The plan was presented at a giveness plan and legal action, meeting in London this month to almost all of the country's 140 or choice: payment of the first 30 almost all of the country's 140 or so bank lenders. It crystallised per cent according to the plan, the debt at \$900m, and called for the North Koreans to pay 30 per cent of this by the end of 1991 at fixed interest rates. The rest would be forgiven.

The plan was conceived by the North Koreans would start repaying the rest. This third option has not been nagotiated with the North Koreans and is understood. North Koreans and is understood to be regarded as very unhelpful

by Morgan Grenfell. Since most banks will have written off their North Korean



Corruption charges fly in India poll

HECTIC AND bitter campaigning for tomorrow's by-election in the Allahabad constituency in the Aliababad constituency in the northern Indian state of Uttar Pradesh ended last night amid renewed charges of corruption against Mr Rajiv Gandhi, the Prime Minister, from Mr V.P. Singh. Formerly, his finance and defence minis-

ter, he is now Mr Gandhi's staunchest critic. staunchest critic.

Mr Singh resigned from the
Indian Cabinet just over a year
ago during a political controversy over payoffs in defence
deals in which corruption
charges were made against the
Prime Minister.

The Allahabad by-election is being seen as a test of strength between Mr Gandhi's Congress
(1) Party and the opposition and both have thrown all their full weight into the bliterly-fought contest. The opposition has claimed that official machinary is being misused and that thousands of Congress (I) workers have been sent to rig the election. This campaign against Mr Gandhi appears to have been effective. The Allahabad parliamen-tary by-election is one of seven

in various states; there are also elections to several state legislatures. Because of the wide interest in the contests, tomorrow's poll is seen as a key test of Mr

Gandhi's political standing. Equally, the outcome will be crucial for Mr Singh, now being groomed by the opposi-tion as an alternative to the Prime Minister.

Mr Singh now heads the Jan Morcha (People's Movement). The Allahabsd seat fell vacant when Mr Amitabh Bachchan, the Indian film star and a close friend of Mr Gandhi, resigned from Parlia-ment about nine months ago after charges that he and his brother had been involved in Illegal foreign exchange deals. Until a month ago, it was thought that Mr Bachcban to vindicate himself. Mr Singh then announced he would

The ruling Congress (I) Party decided at the last minnte not to put up Mr Bachchan as its candidate. Its candidate is Mr Sunil

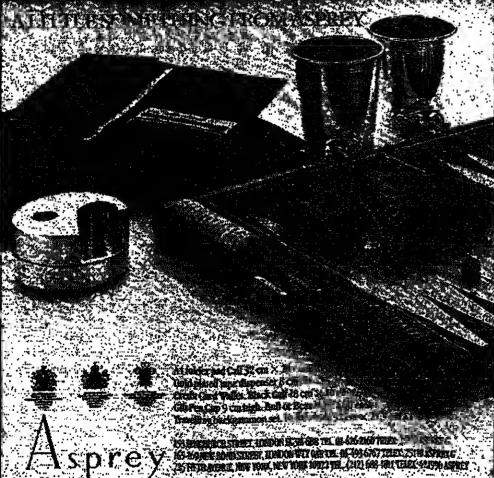
Shastri, the son of the late prime minister, Mr Lal Bahadur Shastri, Another strong candidate is Mr Kanshi Ram. a leader of a new party of harijans (formerly the untouchables), which could eat into the votes of both leading

come from the other bank group, loans, any opposition to the plan led by the Australian and New is presumably based on principle. Israeli public-sector employees strike

serionsly disrupted yesterday at the start of a series of strikes called by public-sector unions in support of a claim for improved pay and fringe benefits, Andrew Whitley reports from Jerusalem.

About 60,000 mainly lower-

WORK AT government ministries and hospitals in Israel was many central government offices seriously disrupted yesterday at in Jerusalem and Tei Aviv. office of Foreign Minister Shimor Peres and his Director-General will be manned on an emergency hasis. "It'll bring the peace pro-cess to a halt," joked a Foreign Ministry official, alluding to the near deadlocked initiative of US Secretary of State George Shultz



MINISTER HOPES FOR AUGUST DEAL WITH FRENCH OIL REFINING GROUP

Nigeria in talks over stake in Elf

NIGERIA is negotiating with Elf-Aquitaine, the French state-con-trolled oil refining and petrol dis-which would help ease the finanstake in the company. Mr Rilwann Lukman, the

higerian oil minister, confirmed to the French Le Monde newspa-per that talks were underway which would see Nigeria taking a stake in an Elf refinery as well as

in the Western downstream oil market to help guarantee the sale of part of its crude oil production in the currently difficult interna-

Brash to become

chairman of NZ

By Dai Hayward in Wellington

Reserve Bank

tribution group, about acquiring cial difficulties of its loss-making refining business while strengthening the company's links with a major oil producer.

Nigerian oil minister, confirmed to the French Le Moode newspaper that talks were underway which would see Nigeria taking a stake in an Elf refinery as well as in part of the French group's distribution network.

He hoped the deal would be completed hefore August. An agreement would make Nigeria the latest major oil producing country to acquire a direct stake in the Western downstream oil market to help guarantee the sale major oil producer.

Total Compagnie Française des Pétroles, the other large French oil group, is discussing similar downstream deals with a number of Middle East oil producing countries including Abu Dhabi which acquired a 5 per cent stake in Total last year.

Elf already has long standing connections with Nigeria, Africa's biggest oil producer.

company has had a presence in Nigeria, where it is involved in oil exploration and production operations and owns a small pet-Elf, in common with several rol station and petroleum prod-Bonny Island liquefic other large Western oil groups, ncts distribution network. Elf gas project in Nigeria.



also has a 10 per cent stake in the

uch-Pushtoon Front, which will

so damaging that President Zia

The PPP's support has dwinmay even decide to call partyhased elections, confident in his

Some within the PPP blamed this

Assembly.

Mumaz Bhutto, Miss Bhutto's MRD to unite on anything more cousin and leader of the Sind-Balthan a minimum programme.

Mr Lukman said Nigeria was interested in the French market and that Elf and his country had agreed the principles of the deal. However, the financial conditions had still to be worked out. Eif recently indicated that it was interested in an acquisition in the US downstream oil sector as part of a broader deal involv-

ing an oil producing country interested in investing in Elf's downstream operations.

Elf believes that an acquisition in the US would make its downstream business more international and sttractive to a Middle East or other oil producing country keen to invest in the western

refining and retailing sector.
However, any eventual acquisition by Elf in the US downstream
business would have to be intrically linked to a deal with an oil

Meanwhile, President Zia

His address will have followed visits to Britain and the US as attention to the plight of Tibet. The Dalai's plan includes pro-

posals for a system of elections, and for a conference on demilitarising the region. He is also to urge that China cease its programme of transfer of ethnic Chinese into the region.

and foreign affairs.

Zia puts opposition in quandary OPPOSITION parties in Pakistan dent, most of their leaders are so basis, then on a party basis, and are facing a serious dilemma in consumed with petty rivalries still the country couldn't function their approach to the political critical that they are unable to unite in a tion. The only alternative is to mass movement to achieve this. Opposition infighting has been as a kind of self-styled pope." The DDP's support has dwip-

Malaysia to try chief judge

By Wong Sulong in Kuala Lumpur

aging director of Trust Bank. He lf they press for party-based elections, confident in his will succeed Sir Spencer Russell, who is due to retire soon.

Mr Brash, who twice unsuccessfully stood as an opposition Mational Party candidate against the gravent Lebeure Company of the press for party-based based elections, confident in his intelligence reports that no party on Ms Bhutto's inability to provide win a majority and all wide inspired leadership; others blamed the Movement for the Restoration of Democracy (MRD), an opposition alliance of nine has announced a six member tri-bunal to try the bead of the coun-try's judiciary. Tun Salleh Abas, for alleged misconduct of Nothing would please Zia more than to have Ms Benazir Bhutto's parties formed to press for ejectration have Ms Benazir Bhutto's parties formed to press for ejectrons in 1981, of which the PPP is the largest member. for alleged misconduct. If found guilty. Tun Salleh, who is Lord President of the Supreme Court, the voice of the people, under his thumh as a minority within the Assembly.

Its combination of socialist, right wing and religious parties has always made it hard for the would be dismissed.

The only formal charge against Tun Salleh is that he had written a letter to the King to which he The New Zealand governtion of Pakistan.

While almost all parties agree
that their single most important embassy in the country.

The New Zealand governtion of Pakistan.

boycott elections, explained: "It's shows no signs of announcing the chance he's been waiting for.

Zia will be able to say, look, first obliged under the constitution to against criticisms from announce elections by August 29.

Minister, Dr Mahathir. took exception. In the letter, Tun Salleh defended the judiciary against criticisms from the Prime

ADVERTISENES

Kymmene Corporation:

More market share from a sound economic base

By Victor Thome, Helsinki

land in the EC supermarket

Fundamental restructuring, a radical divestment of non-forest products activities and two important mergers are creating dynamic changes within Finland's Kymmene Group. The result should be a lean, more efficient and profitable forest industry concern, sectors it knows best.

New Zealand Reserve Bank will be Mr Don Brash, currently managing director of Trans and Assembly.

the current Labour Government was appointed by Mr Roger Dong-las, the Finance Minister, as chairman of a panel reviewing submissions on the goods and services tay.

Services tax.

Yet if they refuse to stand at all they leave the field clear for in value of the New Zealand dol- the continuation of President

mene-Strömherg Corporation and Oy Kaukas Ab in 1986 that started the ball tion initiated a merger process with forest prodnfficially dne for conclusion by 31 Angust 1988, though the two companies have been co-operating since the heginning of the current year. The ontcome: an £1300 million turnover group operating production faci-lities in sixteen commutries, with 16,000 employees of which 2,500 abroad and £180 million and exports accounting for some 90% of

domestic output. The addition strengthens Schauman Kymmene's hand in chemical pnlp, paper, sawn timber and plywood, and hrings in chiphoard pro-

Today, Kymmene Corporation, a company quoted on the Helsinki Stock Exchange and dne for listing in London at the end of June, bas a solid presence in the market for fine paper

Its production capacity paper, 880,000 tounes and coated magazine paper 620,000 tonnes) and for pulp

KYMMENE

CORPORATION

Etaläesplanadi 2,

P.O. Box 300, 00t3t Helsinki, Pinland

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Telefax: (+ 358 0) 653 884

It was the merger of Kym- 1,570,000 tonnes (chemical pulp, 1,200,000 tonnes).
Though the corporation

Zia's reign and the depoliticisa-

is still in the throes of rolling. Then, in December improving its competitive 1987, Kymmene Corpora- position through restructuring and consolidation, the figures for 1987 tell ncts company Oy Wilh. their own story of the Schanman Ab – a process wisdom of Kymmene's policy; turnover is above to around £106 million and among paper buyers than to risen hy more than 300% over the previous year.

the group has ever been in a lightweight coated (LWC)

Kymmene's Chairman and units for double coating at CEO, faces the future with the Wolvercote mill.

and wood-containing print-ing paper and has pulp pro-duction integrated.

Corporation is investing mill of Nordland Papier substantially in manufac-GmhH is busy installing a turing facilities in certain new coater in its plant. EC countries - notably for all paper this year is put Britain - on the proven pre- concentrating on those at 1,860,000 tonnes (fine mise that there is nothing areas where our competithat appeals more strongly tive position is strongest,

£900 million, profits after financial items are no 137%

nities in Finland and in four better position to expand paper mill near Glasgow, Western European coun- and to improve its market the first of its kind in Brishare, and its recent actions tain. And subsidiary Star show more than a willing- Paper Ltd commissioned a range of magazine papers." with a share capital of over ness to grasp the current sixth Astralux machine at opportunities with both its Blackburn mill, along Ehrnrooth, tion plant, and installed Casimir

> disarming equanimity. He In France, at Kymmene hrushes aside speculations Boucher's mill at Docelles, on any adverse effects of the the main investment was in 1992 EC watershed, a new antomatic roll pointing out that fierce wrapping machine, rehuild-competition already exists ing of the winder and throughout Europe but that expansion of the finishing on the company's LWC stock. even so the Scandinavians department.
>
> At the lower end of the are, for example, taking an At Dörpen, in the Fedincreasing market share in eral Republic of Germany, calendered hybrid called



Coating at the mill: A growth sector for Kymmene in fine paper

Its wholly owned subsidiary, Caledonian Paper plc, It is doubtful whether is engaged in huilding a new with a new coating prepara-

certain qualities of paper. the wood-free printing, Nevertheless, Kymmene writing and copying paper

What we are doing is

to a certain mentality says Ehrnrooth. "That means the full range of printing and writing papers free or fine paper used in offices and for high grade magazines and other public-

"We are today the higgest producer in Europe of of magazine papers. uncoated wood-free paper. and are moving increasingly into the coated sector of that fine paper business. This is of course the purpose of investing in new coating tomers in LWC papers." plants and upgrading existing facilities."

earnings per share have purchase from a "home" mill. tial growth area facing Ehrnrooth's words, he Kymmene - that of the publication grades of paper. Ehrnrooth: We're

investing in this wood-containing segment, too, hecause our strength here lies in offering the full

Britain's Daily Tele-graph prints its colour supplement on Kymmene's LWC paper, and Good Housekeeping, Company, Options, Motor, Classic Cars, Farmer's Weckly, the new French import Marie Claire and a number of others do the same. In France, the Figaro magazine and Madame Figaro are printed

Kymtech, the product of an upgrading of a newsprint machine at the Voikkaa mill in Finland designed to serve the middle of the magazine paper range. Look Now uses this matt-finished coated

paper. Casimir Ehrnrooth adds: "A new coating producers of sawn timber. machine is being installed at our Lappeenranta mill what we call the wood- here in Finland in order to forest owner in Finland. This cater for the mediumweight coated (MWC) in that it hrings us in a market - a double coating regular income and reduces duce the top quality range purchases from outside."

> npgrading in Finland, we're sound economic foundation putting in additional gives us just the kind of base capacity in Scotland to we need to follow through serve our existing cus- on our reorganisation and

With an output in white the full." papers nearing 2 million

There is a second poten- tonnes, it would in Casimir imprudent not to be at least. partly self-sufficient in the bleached pulp that forms the milling base. Kymmene Corporation is more than

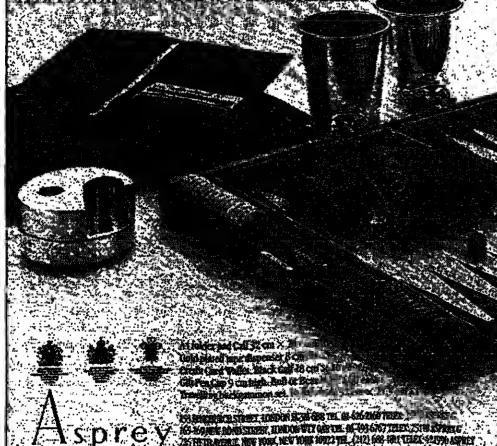
> "We're in the fortunate nosition of being slightly more than self-sufficient in pulp," he maintains. "One of the main attractions of Schauman was its modern tide water mill in western Finland, which is ideally located for supplying pulp to our mills outside the country. "In addition, we gen-

erate our entire needs in electrical power, which gives stability to all our operations. "And, finally, there is

our wood-hased board and panel production and sawn timber. These are manufactured in part by the original Kymmene-Kaukas company, partly by Sebauman. Togetber, we're the biggest producer in Europe of wood-hased panels, and one of the continent's leading

"In support of this, we are the higgest single private is again a stabilising factor process employed to pro- our dependency on timber

Kymmene's Chairman "To counterbalance this and CEO concludes: "This utilise future potential to



D~Mark

100

Trade with the EC has grown steadily, David Marsh reports

EMS boost for W German exports

lised countries signed the Louvre currency stabilisation accord.

West German exports to the rest of the Community rose 6 per cent in real terms last year. Although a breakdown of West.

German exports to the EC as a share of total intra-Community trade have risen steadily over the past few years, to 27.7 per cent in 1986 and 25.6 per cent in 1986 and 25.6 per cent in

of poor protection against all The report is the detail of an

1980-81.

Howard Baker resigns as White House chief of staff

MR HOWARD BAKER, the White House Chief of Staff who guided President Reagan through the turmoil of the Iran-Contra scandal to the triumph of two super-power summits, announced his resignation for personal reasons

yesterday.

Mr Baker, whose resignation will take effect on July 1, gave his wife's illness as the main reading the second secon son for leaving. He will be replaced by Mr Kenneth Duber-stein, his denuty since March 1987, who will lead the White House through the final seven months of Mr Reagan's presi-

President Reagan said he had accepted Mr Baker's decision to resign with deep regret, and described the former Tennessee Senator and Senate majority leader as a "close friend and adviser" over the past 16 months. reluctantly, having retired from Mr Baker's departure does not the US Senate in 1984 to put a signal any dramatic upheaval in lucrative law practice in his an administration winding down bosne state above further politian administration winding down in the run-up to the November general election. However, Mr James Baker, US Treasury Secretary, is widely expected to leave shortly after this month's Toronto economic summit to assume command of Vice-President George Bush's presidential commandations.

Senator, Mr Robert Dole of Kan-Sas, Such criticism — and the date which held the White House together as first Congress, then especial criminal prosecutor, investigated the Iran-Contra the point of Kan-Sas, Such criticism — and the sast Such criticism — and the which held the White House surgery six years ago — will not have encouraged Mr Baker to special criminal prosecutor, investigated the Iran-Contra the point of t



Howard Baker: steady hand chief of staff in February 1987
after a palace coup led by Mrs
Nancy Reagan. He took the job
refuctantly, having refired from
the US Senate in 1984 to put a

guan Contra rebels. Mr Baker was instrumental in turning the administration away from confrontation with the Dem-ocratic majority in Congress towards the creation of a bipartisan foreign policy, particularly in the shift to better relations with the Soviet Union.

The shift may have disap pointed the conservatives, but it smoothed the way for the Intermediate Nuclear Forces treaty. the historic pact eliminating a whole class of missiles which was signed at the Washington summit last year, ratified by the US Sen-ate last month and finally approved by Mr Reagan and the Soviet leader Mr Gorbachev at the Moscow summit. In recent weeks, the Bush cam-

paign has privately criticised Mr Baker for not encouraging Mr Reagan to help their candidate. They have also suggested he still harbours support for the failed Republican contender and fellow Senator, Mr Robert Dole of Kan-

campaign.

Mr Howard Baker replaced Mr secret arms sales to Iran and Donald Regan as White House diversion of profits to the Nicara expected to resign shortly.

Dukakis puts conventional arms spending before nuclear weapons

BY STEWART FLEMING, US EDITOR IN WASHINGTON

insisted yesterday that the United States must be prepared to scrap some new nuclear weapons in order to spend more build-ing up conventional forces.

In his first major foreign policy address since victories in four sifty those in his party who want primaries a week ago assured defence expenditure cuts and on him of the Democratic nomination, Mr Dukakis told the annual meeting of the Atlantic Council meeting of the Atlantic Council argue that it is a mistake for a cratic Party officials to support a of the United States in Washington yesterday: "We do not need a laundry list of new strategic systems . . . we need a strong something in return from the state. Mr Dukakis hinted that he and survivable nuclear deterrent Soviet Union at the arms control had permitted his representatives and we have a strong and survivable nuclear deterrent. But we

continue to have serious deficien-cles in our conventional forces.

He said he opposed both the costly proposal for transforming the MX missile into a mobile missile by potting it on railcars and the development of a single warthe development of a single warwas not considering the "equal for the dracomian sanctions bill because further significant talked about during the Moscow sentatives. But Mr Dukakis said increases in the defence budget summit. If we want to eliminate he did not like labels. "I am not could not be expected while as completely as we can the pos- sure that putting labels on the

ocratic Party while avoiding pro-

GOVERNOR Michael Dukakis viding his likely Republican rival tance of maintaining the unity of insisted yesterday that the Vice-President George Bush with the Western alliance, sharply a chance to label him as another Democratic candidate wbo is "weak on defence" Mr Dukakis is having to walk a narrow line.

> presidential candidate to rule out a US commitment to new nuclear weapons systems without getting

bargaining table.
Sensitive to the latter problem,
Mr Dukakis yesterday said he was not opposed in principle to his opposition to apartheid and modernising" the US nuclear left no doubt that be would take deterrent. He also insisted that in a far tougher position on South higher priority needed to be sibility of a surprise attack we whole thing is as helpful given to strengthening conventional defences.

In his efforts to unite the Demonstration of the property of the proper In his efforts to unite the Demforces — the Warsaw pact".

ning with
cratic Party while avoiding proHe also stressed the imporsanctions."

criticising the Reagan Adminis tration's decision at the Reykja-vik summit in 1986 "to adopt dra-matic new bargaining positions He must on the one hand sat- on nuclear weapons without con-

proposal that the party's election platform should include describ-ing South Africa as a "terrorist state". Mr Dukakis hinted that he to adopt this position partly for tactical reasons

He emphatically underscore

Court orders bribes case oil group to pay \$70m

SHAKEN officials at Ashland, the Kentucky-based oil refining and marketing group, said yesterday it would appeal against a crushing \$70m damages awarded to two executives allegedly fired for hlow-

ing the whistle on questionable foreign payments.

The company, which continued to contend yesterday that the payments to middlemen in the Middle East were not filegal bribes, said it would "pur-sue its appeal rights" against the \$69.5m in actual and puni-tive damages awarded to Mr Bill McKay and Mr Harry Wil-

Lawyers for the two men said the award, one of the largest ever handed down hy a jury, was e triumph for the corporate whistleblower. The damages represented income the two men might have enjoyed as senior oil company executives. This was then tri-pled by the court under provisions of the federal racketeer-

ing law. In their four-year suit, the two men claimed that they were fired in 1983 after raising questions about \$46m in pay-ments to middlemen to gain access to crude oil from Abn Dhabi and Oman for its refi-neries during the second oil

crisis of the early 1980s. The payments were made under the chairmanship of Mr Orin Atkins, who resigned abruptly in 1961. In 1986, Mr Atkins and Ashland were charged by the Securities and Exchange Commission with paying \$29m to an Omani offi-cial. The payments were allegedly made to a company owned by a former British military officer with influence at the Omani court, Mr James Lan-

The suit was settled without an admission of guilt but Ashland and Mr Atkins agreed to conform to the anti-hrihery provisions of federal law.

The company says it has added ontside directors to its

board and decentralised its management since Mr John Hall took over as chairman

Minister rejected

The Colombian Government has cancelled the appointment of Mr Jaime Bernal Cuellar, a law professor, as Justice Minagainst the extradition of drug traffickers to the US, Reuter However observers believe that reports from Bogota.

President Virgilio Barco said be refused to "accept condi-tions" from civil servants on

> design as part of its defence build-up. But many believe the treaty agreement may come too late to salvage the UK's Vickers Ship-

ments. Fewer than 90 days of the present session remain. the Franco-Canadian dispute over fishing rights off St-Pierre-

carrying no minimum time stipu- Perrin Beatty, is mider intense sition.

highly unlikely, since it would almost certainly lead to public hearings and leave the proposals vulnerable to filibustering. While the Canadian Depart-

ment of National Defence says it is still completing the evaluation, the smaller French Amathyste-class vessel, which is derived class vessel, which is derived in Vickers favour is the Trafal-from the Rubis in service with gar's lengthy operational experi-the French navy, is widely tipped ence, as well as superior perfor-

US acts on S Korea wine tariff

Mr Clayton Yeutter, US Trade

Representative, who announced the move, said he was acting on the wine industry's petition

over the tariffs.

He added that the US would into South Korea's practices and policies on patent rights because he was concerned "there US companies \$45m (£25m) in the issue but "if those efforts do may be a far-reaching problem".

Canada's Defence Minister, Mr pressure from the Ministry of Finance not to exceed his C\$8bn cost projection for the submarine

company set up to pursue the Prench bid, believes it can supply 12 Amethyste-class vessels for C\$7,2bn-C\$7.8bn, including infrastructure. There is some doubt that Vickers could supply even 10

not lead to a satisfactory resolu-tion of the matter, the US could retaliate egainst any unfair,

unreasonable or discriminatory

Korean government practice that limits access to its wine market."

The US President will decide what final action to take.

Mr Yeutter also announced the

establishment of a task force to

Schmal, vice-president of the Hamburg economic research institute, the "stable upwards trend" of West German exports is likely to continuo as a result of the relative D-Mark depreciation against EMS currencies. "After the French elections,

many thought that the French franc would be devalued," he said. "Now however, it does not look like that." He expected no EMS parity changes until the end of the year. The others do not want devaluations.

Mr Hans-Peter Fröhlich, an economist at the Institut der Deutschen Wirtschaft, a Cologne esearch institute close to industrialists' organisations, said France had had to face a real appreciation of its currency against the D-Mark. This hurts France significantly. It's not good for [French] export performance,

he said.
The latest economic report from Citibank in Frankfurt says strong order inflows from abroad indicate a marked improvement m West German export prospects for 1988. However, the regained competitive advantage in relation to the EC may be lost during the year as an EMS realignment will have to take place soon, it adds.

China may

seek foreign

power plant

CHINA is likely to enlist foreign

assistance in the expansion of its Qinshan nuclear power station in

despite a previous downgrading of long-term nuclear goals and an

original plan to rely on Chinese

technology for the plant.

Mr Bob Davidson, a director of
Britain's General Electric Com-

pany, said Chinese officials have

had discussions with his com-

had discussions with his com-pany over the supply of equip-ment for a 600-MV second phase, and, perhaps for a 600-MV third phase, for the Qinahan plant, which apparently has a 300-MW Chinese-made reactor nearing completion.

completion.

Foreign companies have been waiting for signs that China is willing to use imported technology, as two years ago the Covernment revised plans to build 10 nuclear plants by the year 2000 and shifted the emphasis to devsloping thermal power stations.

The decision was apparently

importing nuclear technology

and because Chinese officials

conceded that the country would

take many years to master the building of large reactors. It had seemed that the \$4bn

(£2.2bn) Daya Bay nuclear station in Guangdong Province, for which GEC and France's Frama-

tome and Electricité de France

won contracts, would be the only

plant to rely on foreign equip

Mr Davidson predicted that

there would be "extensive discus-

sions" with foreign companies in

help with

Call for tough patent controls

in spite of the currency's appreciation against the dollar, according to Bundesbank figures.

Based on the latest data for months of 1988, the real depreciation of the D-Mark appears to ment for inflation based on differences in consumer prices, West German exporters have gained a roughly 2 per cent increase in increase in the volume of overall competitiveness since February

Although a breakdown of West German exports by country is not yet available for the first few months of 1988, the real depreciation of the D-Mark appears to have given exports to the EC a generally expect a 34 per cent increase in increase in the volume of overall competitiveness since February

competitiveness since February German exports this year.

1987, when the main industria. According to the EC Commis-

A CO-ORDINATED worldwide crackdown on the growing prob-lem of theft of intellectual prop-erty was called for yesterday by top employers' lobby groups in Europe, the US and Japan.

Monetary System in keeping the

D.Mark competitively stable against other European currencies has emerged as an important factor behind strong growth of

West German exports to EC

In view of inflation which is

lower in West Germany than in the rest of the EC, the absence of

any exchange rate changes in the EMS since the last realignment in January 1937 has led to a real

(inflation-adjusted) devaluation

of the D-Mark against EC curren-

cies over this time.
The EC accounted for 52.7 per

cent of West German exports last year. In view of the high and growing volume of trade with

Europe, the real value of the D-Mark against a trade-weighted

basket of currencies has fallen significantly over the past year, in spite of the currency's appreci-

They urged governments to agree tough controls on infringements of patents, copyrights. trademarks and registered designs in the current Uruguay round of talks in the General Agreement on Tariffs and Trade. The call is contained in a joint paper published by Unice, the European Employers' Federation, the Keidanren, its Japanese coun-terpart, and the Intellectual Property Committee, a lobby group of

US multinationals. copying conflict and are inadequate, says the paper. It cites \$23.8bn (£13.2bn) in 1986 because sumer products. Unfair foraign competition

from counterfeit products has led injunctions against intellectual develop in the Gatt. property infringements inside their national markets.

kinds of intellectual property outline accord reached among infringements including home taping, illegal copying of microchip designs and software, and counterfeiting of drugs and continues unusual content in the three groups last month and is the latest sign of increasing international concern over the huge sums being lost by companions to defeat their titles. huge sums being lost by compa-nies having to defend their intellectual property. It follows European Commis-

Showing how the concentra-tion on the EC of the Federal Republic's imports has dimin-ished compared with other coun-

tries, its share in overall Commn-

nity imports has fallen to 22.6 per cent from 22.9 per cent in 1986 and 24.4 per cent over the period. According to Prof Hans-Jürgen

Louvre

to the loss of 100,000 jobs in the sion proposals for a clampdown European Community, the report on copyright and trademark claims. The employers want the fraud which envisages specific right under Gatt rules to stop legislation and penalties rather imports of illegally copied goods than the international policing at borders and to take out court system the employers want to than the international policing

roperty infringements inside their national markets.

If intellectual property holders to develop but just \$1m to copy. US multinationals.

National controls on illicit the employers are demanding the industry loses \$500m annually establishment of disputes panels from software piracy, while the existing assume that US businesses lost existing disputes procedures for estimated £150m in 1983 for the conventional trade rows.

French may win submarine deal

BY DAVID OWEN IN TORONTO

US and Canadian negotiators are tive days to ratify treaty amend- as does the turn for the better in today expected to reach agree-ment on amendments to a 1959 ogy contained in the Trafalgars submarine.

the French Amethyste class submarine is emerging as the more likely choice in the battle for the Canada intends to buy for

around C\$8bn (£3.6bn) a fleet of 10 or 12 nuclear propelled submarines of either British or French

hnilding and Engineering's chances of winning the contract. in normal circumstances, the US Congress requires 90 legisla- favour the cheaper French vessel, ger life expectancy.

that South Korea is unfairly hlocking imports of US wina,

Reuter reports from Washington.

US wines are prohibitively

which has lodged a complaint over the tariffs.

present session remain.
Only if the Administration sub-

nuclear co-operation treaty which only if the Administration sub-would clear the way for Britain mits an affirmative resolution, lation could congressional approval be obtained during the current presidency.
This course is regarded as

SNA Canada, the Ottawa-based

craft at such a price.

to be the more likely choice.

In addition to the British bid's 10-year lifespan for the Ametechnology transfer problems, the thysic's uranium oxide core. The crucial cost factor seems to British nuclear cores have a lon-

ment.

the next 18 months to supply Qinshan, which was commis-sloned by the Government in February 1970, though work did not begin until 1983. The late Pre-mier Chou En lai is said to have approved the plant, intended as a symbol of China's self-reliance. Nuclear energy officials are

known to have pushed for the expansion of Qinshan, particularly when it became clear that other proposed projects were unlikely to proceed.

They argued that the plant would allow technicians "com-pletely to master the technique of nuclear power", and "lay a foundation for further development.
GRC is among seven companies represented in a British energy delegation to China, headed by Mr Cecil Parkinson. Secretary of State for Energy.

1986 US Japanese semiconductor whelming odds against their suctrade agreement, but Japanese cess, the US industry group has officials have repudiated the side left the door open to further talks letter as a non-binding adjunct to the official agreement. and has agreed to co-sponsor an open discussion in October which will include European industry

US SEMICONDUCTOR industry presents a dilemma in the US. leaders, frustrated and angry fol- Both the US and Japanese gov-

Japanese market by 1991.

European Investment Bank

NOTICE IS HERESY GIVEN that, pursuant to the provisions of the Fiscal and Paying Agency NOTICE IS NEREBY GIVEN (Ital), pursuant to the provisions of the Price and Paying Agent, Agreement dated as of Life 15, 1982 among European Investment Bank (the "Issue"), and The Chase Manhattan Bank (National Association) as Fiscal Agent and Paying Agent, as Italian above-mentioned Bonds (the Tonors') will be made on July 15, 1986 (the "Redemption Cate") at the price of 10 its of their principal amount, together with interest accrued to the Redemption Date Payment will be made upon presentation and surrender the Bonds at the below isset paying agrocies, together with all appurhenant coupons maturing subsequent to the Redemption Date. The amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Bonds shall cases to accrue from and after the Redemption Date.

151/2% Bonds Due July 15, 1992

The Chase Menhattan Bank, N.A. Corporate Bond Redemption Box 2020, 1 New York Plaza-14th Floor New York, N.Y. 19061

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Chase Manhattan Bank, Luxerobourg S.A. 47 Boulevard Royal Luxerobourg, Luxerobourg

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(Luxembourg) S.A. 36-38 Grand-Rue,

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EUROPEAN INVESTMENT BANK By: The Chase Manhattan Bank (National Association).
Fiscal Agent and American Paying Agent

lowing the recent collapse of ernments had encouraged the stance. US industry leaders who participated in the latest Tokyo trade talks in Tokyo, this week chip makers to try to resolve the conceded that they had been out-trade dispute themselves rather classed and outmanoeuvred by than on a government level. In talks are unanimous in their sup-port for trade sanctions against their Japanese counterparts.
A third round of industry trade

A third round of industry trade

fact, they say, the close relationship between the Japanese induspan as a means of forcing the Japanese to comply with the trade pact, according to a close talks broke down over Japan's try and its Ministry of Interna-refusal to agree to a US goal of a tional Trada and Industry have 20 per cent foreign share of the meant that in effect the US industrialists have been negotiating This goal was stated and apparently acknowledged by both countries in a side letter to the Despite what appear to be over-

Louise Kehoe, in San Francisco, on anger following the collapse of trade talks in Tokyo

US chip makers admit to Japanese class

The industry group is, however, unlikely to make a public call for sanctions unless it is reasonably assured of government

But gaining government backing for increased sanctions may be difficult in the waning weeks of the Reagan Administration. debate over semiconductor trade
"There is little appetite for such a
move in Washington," said an
industry strategist. Administration officials "are too husy writtectionist actions that would be ing their resumes to take np this issue," he commented.

The chipmakera are elso ers, which fear that any such action could backfire on US companies with husiness ties in

Janan An alternative option, being mooted in the semiconductor industry, would be to transfer \$165m in punitive import tariffs imposed upon selected Japanese

representatives for the first time. for alleged Japanese failure to While taking a moderate public live up to the terms of the trade

The tariffs are largely ineffec tive because Japanese manufac-turers have found ways to cir-cumvent them, hot they remain a serious embarrassment to Japan and their impact could be increased if applied to a new range of products.

Another option being explored by US chipmakers is to raise con-

gressional support for increase pressure on Japan hy elevating their fair trade fight into an election campaign issue.

The ontcome of such a public

resulted in calls for strong pro-tectionist actions that would be resisted by many in the US elec-tronics industry.

The new version of the Trade

unlikely to win support for same-tions from US electronics equip-ment and computer manufactur-opportunity for the US semiconductor industry, although no spe-cific recommendations are believed to have been made at this time.

Whatever strategy the US semi conductor industry adopts, it is resigned to three more years of haggling with the Japanese over the trade pact. The industry's iniimposed upon selected Japanese the trade pact. The industry's introducts 14 months ago to a new tial optimism following the sign-range of products. These sancing of the agreement in 1986 is tions are the remaining portion now tempered by the realisation of \$300m in tariffs imposed by that any progress will be slow. President Reagan in retalization and painfully won.

Garcia resists change as Peru's economy totters

BY ROBERT GRAHAM IN LIMA

dox" economic policies, despite a . Financing losses caused by an dramatic drop in reserves, unrealistic foreign exchange pol-mounting inflation, distortions in icy are estimated to have added exchange rates, and shortages of at least 3 per cent to the fiscal

essential industrial items. A shock adjustment pro-gramme and a return to eco-

PRESIDENT ALAN GARCIA of the \$14bn foreign debt appears to Peru is distancing himself from have been rejected as politically demands to abandon his "hetero-unacceptable.

deficit this year. Advisers say he is unwilling to

US, Australia to push Seoul on beef market BY PETER MONTAGNON AND MAGGIE FORD IN SECUL

THE US is to investigate charges sales in the past five years.

expensive in South Koraa because three years of govern-because Seoul imposes a 100 per ment consultations aimed at ach-cent tariff plus a quota on wine, leving open and non-discrimina-

according to the US industry, tory market access had been

THE US and Australia are to confinue their efforts through the General Agreement on Tariffs and Trade to force South Korea to open up its beef market mer President Chun Doo Hwan in Government of President Roh Tas Woo will resume limited mports this year.

The two countries will make a second request this week for Gatt to adjudicate on the issue after imported and producers have had an earlier attempt to reach such

value of high quarry maporariang up to only around \$10m examining ways of compensation (25.5bn) – the beef issue has domestic producers.

The US is expected to argue in North Korea can no value of high quality imports 1985, although the Government is tance in South Korea, where producers have been suffering from sliding prices following a long status to protect its beef market

period of oversupply,
Government policies on beef
have drawn fierce criticism from gramme and a return to eco- alter his policy of restricting debt nomic orthodoxy after nearly service payments to all save three years of financing high favoured lenders, totalling \$300m growth through non-payment of a year.

In a return to eco- alter his policy of restricting debt farmers, which has spilled over the into anti-US sentiment as the is pursuing its complaint independently in the Gatt for the growth through non-payment of a year.

despite expectations that the 1984 to stimulate beef and dairy production by allowing the import of some 30,000 cattle. In the event, unofficial esti-

to slaughter them at a loss a ruling was blocked by South
Korea.

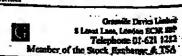
Despite the relatively small amounts of trade involved — estimates of the potential market to imports for the first time since examining ways of compensating

> Gatt that South Korea can no longer claim developing country and should open the market fully. Australia is concerned that the US might striks a private

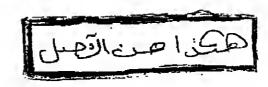
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WELCOME TO THE WORLD OF PRHÔNE-POULENC

Labour leader acts fast to resolve new defence row

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR NEIL Kinnock, the Labour Party leader, moved quickly yes-terday to stem the crisis created by the unexpected, late-night resignation of Mr Denzil Davies as the opposition party's spokesman on defence.

Within bours of Mr Davies'

decision to step down, which was accompanied by a highly personal attack on both Mr Kinnock's leadership style and his latest stance on defence policy. Mr Martin O'Neill was appointed to fill the vacent post.

Mr O'Neill, a member of the

Mr O'Neill, a member of the soft-left Tribune group of MPs, is a Kinnock loyalist and bad been Mr Davies' deputy since 1984. He is not a member of the shadow cabinet, the inner council of the

will attend its meetings.

The appointment followed a series of meetings called by Mr Kinnock in the wake of his defence spokesman's unexpected departure.
Attempts by the party leader-

ship throughout yesterday to contact Mr Davies in order to clarify his position failed. He is ciarify his position failed. He is entitled to remain in the shadow cabinet, membership of which is elected, although be is unlikely to be offered another portfolio.

In a statement given to the Press Association, which was followed several hours later by a latter to the press of the pressure to Marking the pressure to Marking the pressure to the p letter of confirmation to Mr Kinnock. Mr Davies claimed he was "fed np with being humiliated" by his party leader, who he said never consulted him on defence policy. He stressed that he did not agree with Mr Kinnock's

decision, it is understood he has been actively considering resig-nation for the last few days. He is thought to believe that Mr Kinnock is now advocating a return to the bilateral arms reduction process which Labour unsuccessfully promoted during the 1983

election campaign. Mr Kinnock said yesterday he was "surprised and saddened" by the resignation. He had not had been given any hint of Mr Davies' intentions, although he empha-

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ter of Germany's aerospace industries

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Denzil Davis: fed up with being humiliated

sized that shadow cabinet members could contact him at any

Kinnock, claiming that the resig-

nation arose directly from a con-flict of personalities. by his party leader, who he said never consulted him on defence policy. He stressed that he did not agree with Mr Kinnock's recent suggestion that Labour's "something for nothing" nuclear defence strategy was now redundant.

Despite the way in which Mr Davies chose to make known his decision, it is understood he has a mation arose directly from a conflict of personalities.

Mr Bryan Gould, Lahour's neal to Mr Kinnock not to push trade and industry spokesman, described the resignation as "very serious and very unwelcome" but he claimed the manner, timing and "highly coloured language" used by Mr Davies fight to protect working people in reflected a clash of personalities.

Mr Bryan Gould, Lahour's nal to Mr Kinnock not to push too hard to change Labour's native West in the European Paring the UK against the worst reflected a clash of personalities rether than any conflict on pol-

ing against Mr Roy Hattersley, nal market. More has got to be the present incumbent, for the done for some of the regions once deputy leadership of the party, the internal market has come said the resignation enforced the into effect," he said.

need for collective decisions dur-

rent policy review.
In remarks which will increase the leadership's nnease Mr David Blunkett, a member of Labour's ruling National Executive Committee, said that the words used by Mr Davies in resigning were very similar to those used by Mr Michael Heseltine, the former Defence Secretary, when describing his relationship with Prime Minister

Mrs Margaret Thaicher.
He added: We need to ensure that we do not have the same friction and tension, so cleverly hidden by the Conservative Party, np front in the Labour

William Dawkins in Brussels adds: Mr Kinnock received another unwelcome rebuff yester day, from Labour's euro-MPs They voted by a narrow majority to elect Mr Barry Seal, a staunch anti-EC campaigner, as leader of the 32-strong British Labour Group in the 518-seat Strashourg

Mr Seal, who was only last year coovicted for shoplifting, replaces Mr David Martin, a close supporter of Mr Kinnock, Mr Martin is devoted to trying to persuade Labour to take a posi-tive view of the Community.

Supporters of the current leadership at once rallied behind Mr annual poll was close, with 16 for Mr Seal, 15 for his opponent and one abstention, the move was

But Mr Davies' damaging ing of his earlier forceful denun-remarks were seized upon by the ciations of Britain's EC memberparty's left-wing as evidence of ship, be admitted "that it would Mr Kinnock's anthoritarian not be feasible to withdraw."

approach and of the internal He said he saw his task as opposition building up to his being to work for British inter-efforts to reshape Labour defence policy. being to work for British inter-ests in the EC, including channel-ling aid to regions likely to suffer policy. ling aid to regions likely to suffer Mr John Prescott, who is standing the creation of a single interTHE BARLOW CLOWES AFFAIR

Investigators show interest in tracing £1m loan recipient

BY NICK BUNKER

INVESTIGATORS of the Barlow Clowes insolvency bope soon to interview Dr Peter Neylor, a former business asso-ciate of Mr Peter Clowes, who received a £1m loan from funds belonging to 11,000 investors in Gibraltar-based Barlow Clowes International (BCI).

Dr Naylor was a senior Bar-low Clowes executive until he left late last year. He also appears to be a wealthy man; his UK address is Send Barns, a magnificent mock-Elizabe-than country bouse with a tennis court set in extensive grounds at the end of a 50-yard drive in the Surrey village of Send, near Guildford.

The house-which local estate agents value now at about \$700,000 -was formerly the residence of the chairman of a leading life assurance com-

Dr Naylor now runs his own Gibraltar-based company, Brookwood Asset Management. Brookwood has been marketing itself recently as what it calls an exciting new investment vehicle" almed at giving non-UK residents a high level of income by nsing what it calls "wave-space analysis" as the basis for trading in gilt-edged securities.

Its marketing literature describes Dr Naylor as having a double-first in mathematics and physics from Exeter University and a doctorate from Imperial College, London. It says that Dr Naylor takes the view that "offshore centres will play an important part in the new worldwide financial services industry."

Mr Malcolm London, a partner in Cork Gully, one of the insolvency firms acting as BCI's joint liquidator, con-firmed last night that the firm spoke briefly to Dr Naylor yes-terday morning and intended to meet him in the near future

about the £1m loan. Records at Companies House depict a close husiness relationship over the past few years between Mr Clowes and Dr Naylor, which culminated in Dr Naylor's appointment in May 1986 as a director of James Ferguson Holdings, the ulti-mate holding company for the

Barlow Clowes group. He resigned from Ferguson's board on November 24 last year, 11 days after the Department of Trade and Industry authorised the appointment of inspectors to look into the affairs of Barlow Clowes Gilt

It emerged yesterday that some of the business links between Mr Clowes and Dr Naylor concerned their involvement in three compaproperties in the immediate vicinity of Dr Naylor's Surrey home. The names of all three companies have changed at various stages over the past three years, but the latest available Companies House records show them as Southern Properties (Send) Ltd. Tudor Properties (Send) Ltd. Tudor Barn Farm Ltd and Tudor Barn

Dr Naylor and Mr Clowes became directors of all three companies in October 1985, Mr Clowes subsequently resigned from Tudor Barn Farm Ltd in March 1987, and from Southern Properties in October 1986.

A property called Tudor Barn Farm is located about 100 yards up a country lane from Send Barns.

Dr Naylor, who was not at home in Surrey yesterday morning, could not be reached for comment last night. At Brookwood's offices in Gibraltar, a woman who answered the telephone said that he was not on the Rock but was thought to be in England, but she would not give addresses where be could be contacted.

Former monopolies commission chairman to study DTI conduct

BY PETER RIDDELL, POLITICAL EDITOR

former chairman of the Monopo-lies and Mergers Commission, Monopolies and Mergers Commis-has been appointed to look into sion between 1975 and 1987. He the Department of Trade and has been Judge of the Courts of Industry's handling of the Barlow

The terms of reference indicate that he will be able to examine the whole of the department's involvement with the Barlow

This will involve going back to 1983 and will cover the circumstances leading up to the grant and renewal of a licence as a deposit-taker as well as its recent collpase owing £190m to inves-

Sir Godfray's appointment was announced yesterday hy Lord Young, the Trade and Industry Secretary. This followed parliamentary exchanges on Monday when peers and MPs expressed concern about the lengthy period before the department took of its regulatory functions in action against Barlow Clowes despite a series of warnings.

Appeal of Jersey and Guernsey

No time limit has been fixed for the inquiry, which is unprece-dented. It is on a non-statutory basis and differs from the formal tribunal of inquiry into the col-lapse of the Vehicle and General insurance group in the early

Ministers have said civil servants are expected to co-operate fully, though they will not be required to give evidence under oath and will not be granted immunity from any subsequent disciplinants exists.

The detailed terms of reference are "to investigate and establish the facts relating to the exercise by the DTI since January 1, 1983,

SIR GODFRAY Le Quesue, the Sir Godfray, 64, is a barrister Clowes and Partners and its suc-former chairman of the Monopo who served as chairman of the cessors, Barlow Clowes Gilt Managers, and if appropriate, by Barlow Clowes International, with particular reference to the need for licences under the Prevention of Fraud (Investments) Act 1958, the granting and renewal of such liences and the monitoring of the activities of the licence holder; and to provide a report as soon as Ministers yesterday used the establishment of the investiga-tion to brush aside qustions from Mr Tony Blair, the opposition Labour Party's trade spokesman. about the extent of the DTI's knowledge of problems at Barlow

He asked whether the DTI had been warned by the National Association of Security Dealers The detailed terms of reference are "to investigate and establish the facts relating to the exercise hy the DTI since January 1, 1983, of its regulatory functions in respect of the carrying on of investment business by Barlow

Association of Security Dealers and Investment Managers about the issue of a securities licence, and when the DTI first knew that Barlow Clowes was operating in a manner likely to give concern to investors.

A.H. Hermann examines the affair's complexities

Inquiry may open Pandora's box of legal problems

three issues, points of the inquiry are closely First, there is the question of connected. The suspension of licensing yardsticks. Second, business achieved either by should the licence have been refusal to renew the licence or by renewed when the group was seizing of its assets will protect already under investigation?

In addition, a whole Pandora's box of legal problems will be opened if the inquiry should lead to prosecution of civil servants.

On the first question of licensing yardsticks, one will have to ask whether a suspect company ought to be given the benefit of oubt as long as the suspicion

has not been proved. The purpose of the legislation - protection of investors would speak for a reversal of the burden of proof, meaning that no company ought to be licensed

Finally, how the suspension of business and seizure of assets ought to be timed in order to the interests of new and their losses will be reduced by a timed operation. potential investors by warning

This dilemma of the regulatory body has been considered by the German Federal Supreme Court in the case of the great Herrstatt scandal which caused an appearal in the German bentities. upheaval in the German banking world. The decision recognised the need for a balancing act but reprimended the Federal Banking Office in Berlin for insufficient activity and communication in

its investigation. Civil servants have been sub-

THE INDEPENDENT inquiry sonable doubt that it can manage into the licensing of the Barlow investments entrusted to it hon-clowes investment group by the DTI is likely to concentrate on The second and third likely the concentration of the Barlow investments entrusted to it hon-easily and competently.

The Government probably considers such an inquiry more manageable than one under the Tribunals of Enquiry Act, 1921. Lord Young made certain reservations on the publication of the resulting ing report and these should enable him to cut out anything protected by the Official Secrets

The situation would become more complicated if the inquiry vants. In order to be able to defend themselves, they would have to be released from the restrictions imposed by the Official Secrets Act.

If the Government were not ready to do so, a fair trial would become impossible. The most likely practical outcome would be plea-bargaining, the accused giv-ing up part of their defence in exchange for a largest charters. burden of proof, meaning that no ject to DTI company investigating up part of their defence in company ought to be licensed tions before, particularly in connection with leaks leading to tion of the offence.

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Coupons which shall have matured on or prior to the Redemption Date should be detached, presented and urrendered for payment in the usual manner.

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FINANCIAL TIMES

'More should be done' on acid rain and aerosols

AIR POLLUTION, including related phenomena such as acid rain, is a major factor in damaging forests, a report published yesterday by the all-party House of Commons Environment Committee says. The Committee also criticises the Forestry Commis-sion, which has overall responsi-bility for forestry promotion in Britain, for refusing to accept

The Committee says it is satisfied that atmospheric pollution is a major stress factor which, in combination with frost and drought, would harm trees.

"The Forestry Commission stands alone in its refusal to accept a nexus between air pollu-tion and tree damage," its report states. "The health of Britain's trees gives us cause for concern. The maximum efforts must be made now to eliminate the emissions from fossil fuel combustion into the atmosphere." The committee's report on air pollution also describes the threat to the ozone layer around the earth from chlorofluorocarbons (CFCs), which are contained in aerosol sprays, plastic foam and refriger-ators, as "urgent and alarming."

BY ANDREW TAYLOR

way equipment manufacturers have been shortlisted to tender

for contracts worth £250m to

design and build shuttle locomo-

tives and wagons for Eurotumel, the Anglo French Channel tunnel

Five consortia have prequalif-

Contracts for about 400 shuttle

wagons and 40 locomotives, which will be used to carry road

vehicles inside the tunnel, are expected to be placed in March

The shuttle trains, which will

be operated by Eurotunnel, are

ied to bid for the wagons con-

tract. Another four groups have prequalified to design locomo-tives for the tunnel.

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The Cartier

It wants to to tighten the Mon-treal agreement on reduction of Nevertheless the criticisms to CFC emissions and recommends the report come at an embarrassthat a ban on their use in the ing time for the Government, manufacture of aerosols in Tomorrow Lord Caithness, EnviBritain should be considered, except where medical uses are ing an EC Council meeting in concerned. The report urges the Luxembourg which is due to take Government to join the "30 per crucial decisions on these matcant club" of countries committed to reducing sulphur dioxide allegations that it is "the dirty emissions by 30 per cent by 1998. cent cann of committee to reducing sulphur dioxide emissions by 30 per cent by 1938. So far Britain has strongly opposed such a move.

It would mean the Central Electricity Generating Board would have to expand its costly beginned on air pollution would be a specific to Price and the confort from the Committee's conclusion that the draft EC would have to expand its costly beginning to Price and the confort from the Committee's conclusion on air pollution would be conforted to the confort from the Committee's conclusion on air pollution would be conforted to the conforted to the confort from the Committee's capture to reducing sulphur dioxide allegations that it is "the dirty man of Europe" in environmental matters.

programme to remove sulphur be unfair to Britain and its coal from power station emissions. Its industry and could not be implepresent plans to fit three existing power stations with desulphurispower stations with desulphuris-ation equipment would have to be doubled, raising the cost of the exercise from \$600m to £1.2bn.

The report does not go far enough for some. Yesterday Mr Ken Collins, Labour's environ-ment spokesman in the European "We have concluded that the Parliament, described it as "a discrete programme is still not enough," said a press statement the Committee's previous position on acid rain. Mr Charles

rom the Committee. tion on acid rain. Mr Charles The 30 per cent proposal has Secrett, campaigns co-ordinator annoyed environmentalists, who of the environmental pressure see it as a retreat from an earlier group Friends of the Earth, called report by the same Committee it "a step backwards." that endorsed an EC proposal to Environment Committee, Air to reduce sulphur dioxide emis-

EUROPEAN and Japanese rail- ordered by British Rail and SNCF neering and GEC Transportation way equipment manufacturers and SNCB the French and Bel- Projects from Britain and

gian state-owned railways.
British Rail and SNCF have

acquired the right to use up to 50 per cent of the capacity of the privately-owned Channel tunnel.

Among the groups bidding for the wagons contract is a Japa-nese consortium which includes Mitsubish! Electric Corporation, Hitach!, Toshiba and Kawasaki.

Heavy Industries. Other bidders are: a West Ger-

the UK. ANF Industrie of France

separate from a \$400m order for and Constructions Ferrovisires & and the supply of a prototype will through trains which will also Metalliques of Belgium and ABG later be sought from those still in use the tunnel and are to be consortium of British Rail Engi-

nungshitte, an Italian group. consortium of BREDA Costru-

ABG has also prequalified to bid for the wagons contract. The

Japanese consortium of Mitsubi

shi, Hitachi, Toshiba and Kawa-saki has similarly prequalified for both wagons and locomotives

Other bidders to prequalify for

the wagons contract are Siemen of West Germany and a consor

man consortium of Linke-Hof-mann-Busch and MAN Gutehoff-Swedish/Swish engineering

zioni Ferroviarie and Fiat, a ted to produce basic designs and

European consortium of Brush of mock-ups for the wagons and

tium of Brush of the UK and

The prequalifiers will be expec

Eurotunnel shortlists bidders

for £250m rolling stock deal

Electricity computer order may go to US

POWERFUL computers in con-trol the distribution of electric ity into the next century are expected in be ordered in the US rather than the UK, elec-tricity industry sources said last night.
Technical staff at the Cen-

tral Electricity Generating Board are understood to favour the system offered by favour the system offered by Control Data Corporation of Minneapolis rather than a rival US-designed package developed by Ferranti, based at Wythenshawe in Manches-ter, north-west England. Although worth only £20m to £30m, Ferranti's loss of this order would be a serious blow to the Fritish commuter judge.

order would be a serious blow to the British computer indus-try's prestige. Manchester MPs are trying to persuade the Government that the order should be placed locally. The CEGB's main board is expected to make the final choice this week. Barring a

choice this week. Barring a last minute surprise, the letter of intent will go to CDC.

The computers, for control-ling bulk transmission of elec-tricity through the National Grid distribution network, will take four years to instal and will not be operated until the board hands over the grid to e new private company, acting on behalf of the 12 area distri-The board began work 11

years ago on a system for replacing computers installed in 1969, but ran into long over-runs and rising costs from an original estimate of £19m to nearly £100m.

A Monopolies and Mergers Commission report spoke in July of the CEGB's "serious lapse in an otherwise good record of efficiency and service to the customer in the trans-mission of electricity." On the commission's recom

mendation, the CEGB decided to invite outside computer companies to supply both the programmes and the comput-ers for a new grid control cen-tre, being built at Wokingham, Surrey, south-east England, and at four regional control

Ferranti, which employs 1,800 people at Wythenshawe, recently won a contract for the computers to run the Belgian National Grid.

McVeigh affair hits **Anglo-Irish relations** like a tidal wave

HE FAILURE of the British Government's application for the extradition of Mr Petrick McVeigh from Ireland has come as something of a tidal wave, fol-lowing months of difficult discus-sions over new extradition arrangements passed by the Irish Parliament, or Dail, late last

In London the decision has generated almost as much shock and annoyance as England's defeat in the European Cup by the Irish soccer team last Sun-day. In Dublin there is embar-

Mr Desmond O'Malley, the leader of the minority Progressive Democrats Party, said yesterday that the whole extradition process between Ireland and Britain was now in jeopardy. Mr Tom King, Britain's Secretary of State for Northern Ireland, meanwhile described the court's deci-sion as a "significant sethack" and said the matter would be raised at the next meeting of the

Angio Irish conference.
Mr Ian Paisley, leader of the
Democratic Unionist Party in Northern Ireland, said the court's decision showed that Dublin's commitment to fighting terrorsm was "a colossal confidence

Ironically, however, Justice Juriath Ruane's decision had lit-tle to do with Ireland's new extradition arrangements.
His judgment focused only on the question of identity. Justice Roane said that no evidence had

been provided to prove that the person in court, namely Mr McVeigh, was the same person named in the extradition war-

Both the Irish and British authorities say they did every-thing normally done to establish identity. But whatever the rights and wrongs of the judgment, there is little that can be done in the short term. Tha appeal against the decision, announced by Mr Collins yesterday, will probably take a considerable time. Mr McVeigh, who was arrested last mouth to face extradition after serving seven years' imprisonment in the Republic for terrorist offences, is now a free

If the appeal fails, fresh extra-dition warrants will have to be

Mr Gerry Collins, Irish Justice Minister, said yesterday that he planned to appeal against Mon-day's rejection by an Irish District Court of a British applica-Patrick McVeigh, who faced charges in connection with a number of IRA bombings in London in the early 1980s, writes our

Dublin correspon He told the Irish Parliamen that the District Justice's reject tion of the application, on the grounds that Mr McVeigh's identity had not been sufficiently established, would set new prece-dents on how much evidence of identification was required to fature cases.

He said this was an individual judicial decision and that freland's new extradition procedures, only recently brought into force after difficult negotiations with London, were not involved.

Ireland, will then have to be found.

There is no doubt of the exasperation felt in Dublin about this recent turn of events. In the past it was the British judiciary, and not the Irish, which was deemed to be at fault in holding up and creating difficulties in a number of extradition cases. Britain had also objected to clauses in the new Irish extradition legislation which insisted that the British Attorney-General provide his Irish counterpart with evidence of offences committed by those wanted in the UK.

The arguments between the two sides were only settled recently. Mr McVeigh was the first person to be arrested since the issue was resolved and the British Attorney-General agreed

to work the new procedures.

In time Monday's decision might come to be regarded as a judicial peculiarity rather than a direct slap in the face for Britain. By announcing so quickly that it is to appeal against the decision, the Irish Government is clearly seeking to limit the extent of damage caused.

Others have, however, been quick to make political mileage out of the affair. A member of the Sinn Fein, the IRA's political wing, refered back to the weekprepared by the British authorities. Mr McVeigh, whose home "It's our second victory over address is in Belfast, in Northern England in 24 hours" he said.

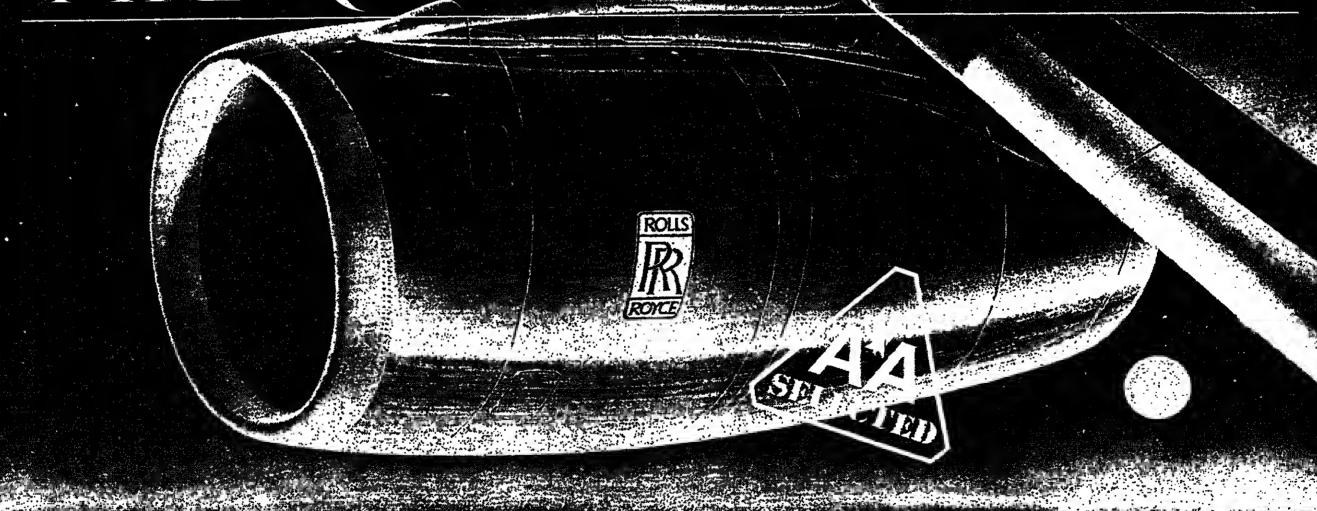


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Last month, American Airlines made a momentous decision. The engine they specified for their order of 50 Boeing 757s is the Rolls-Royce RB211-535E4. Said American Airlines, "It's a very quiet, fuel-efficient and extremely reliable engine that is also exceptionally cost-effective to operate."

It's also the only engine for the Boeing 757 approved by the airworthiness authorities for extended range operations over water and remote areas. Hardly surprising then, that to date, three quarters of all 757 customers have chosen it.

American Airlines, well on their way to building the youngest, quietest fleet in the US air transportation industry, have made a choice that will be good for them and good for their passengers.



UK NEWS

Government 'Spycatcher' appeal begins

Spy book 'could be first of many'

THE GOVERNMENT has begun its final attempt to enlist the sup-port of the courts in its battle to stop newspapers publicising the revelations of former members of the security services such as Mr Peter Wright, a former MI5 officer whose memoirs, Spycatcher,

have become a bestseller.

Five senior civil judges sitting in the House of Lords were told yesterday that the Government feared an "open season" for breaches of confidentiality by for-mer members of the security ser-vice if the principle that they had a lifelong obligation not to talk about their jobs was not upheld. Mr Robert Alexander, advocate for Sir Patrick Mayhew, the Attorney-General, said that 10 or more people were planning to write books about their own or their close relatives' work with

the security service and that newspapers were willing to give publicity to them and "follow up the story."

The Government is appealing against the refusal of the High Court and Court of Appeal to impose a blanket ban on the Brit-

ish media poblicising or com-menting on Mr Wright's allega-tions. It wants the Law Lords to make permanent the temporary

Mr Peter Wright and his wife yesterday

injunctions granted against the give sufficient weight to the prin-Observer and the Guardian in ciple in issue, which remained as July 1986, and the Sunday Times valid as it had been in September in July 1987.

in July 1987.

Mr Alexander said that it was sometimes asked what was the point of seeking to restrain further publication now that Spycatcher had been published in the US and elsewhere outside Fritzing and elsewhere outside gone to court in Australia to try to stop publication there of Spypoint of seeking to restrain further publication now that Spy-catcher had been published in the US.

That approach, he said, did not catcher.

Catcher.

If the newspapers were now quarters in Cheltenham permitted to publicise the book against whom injunctions had been obtained.

The hearing, which is expected to last two weeks, continues countries which have permitted to day. Britain, and many copies had come into the UK.

Mr Alexander said the Govern-Mr Alexander said the Government was not seeking a complete han on mentioning Mr Wright's allegations, which were now well known and had been summarised in the High Court judgment last year in the newspapers favour. It was, however, claiming a farther injunction designed to protect the media publishing seconds by other ex-members of

vent the media publishing accounts by other ex-members of the security services dealing with Mr Wright's allegations.

There was evidence, Mr Alexander said, that others "sharply and deeply" disagreed with Mr Wright's version of events and would like to publish their own versions, that there were newspapers willing to publicise and follow up the story, and that this was being held up only by the present appeal.

was being field up only by the present appeal.

Mr Alexander said other former members of the security service were also seeking to publish books about aspects of their work. They included two former employees of GCHQ — the Government Communications Head-overters in Chaltenbarn. quarters in Cheltanham against whom injunctions had been obtained.

French group buys Lucas subsidiary

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

LUCAS INDUSTRIES, the automotive and aerospace components group, said yesterday that it had sold its Crosland Filters subsidiary to Précision Mécanique Labinal of France for an Corello, the Italian group to Fiat the undisclosed sum. Crosland Filters makes air, fuel

and lubricating oil filters for the motor industry and employs 700 at its base in Nottingham, the Midlands, and another 50 in the Netherlands and the Middle East. The divestment is not expected

PM Labinal is a leading European filters maker and will add Crosland as a subsidiary. It will still supply the Lucas Service network with Crosland filters. The sale of Crosland is the lat-est in a series of divestments that

have marked Lucas's gradual withdrawal from mature, loss-making or low-margin businesses to concentrate on higher added components in which it has a

its withdrawal from the automotive lighting business by selling its 40 per cent stake in Fausto Corello, the Italian car lighting group, to Flat, the Italian car

It then partially withdrew from the car battery business by set-ting up a joint venture with Yuasa, the Japanese car battery maker, to run its Birmingham car battery plant, and last mouth announced the sale of its plastics components business to Wolters Schaberg, the Dutch industrial

Lucas said its strategy was to concentrate on braking systems, diesel systems, engine management systems and body system The stock market, meanwhile, is expecting news of a substantial US acquisition on the aerospace side following the rights issue in March which raised £162.7m.

Shipyards chief cool over break-up plan

ing most of its subsidiaries.

Mr John Lister told a House of Commons committee he did not see the logic of the Government's proposals while the corporation's prospects continued to improve His comments underline a rift between Government and the corporation's management.

which would prefer to see it privatised as a single business.

This has been rejected by Mr Kenneth Clarke, the Industry Minister, who wants to end the flow of public funds into the cor-

BY KEVIN BROWN, TRANSPORT CORRESPONDENT
THE CHAIRMAN of British Shipbuilders, the state-owned corporation, distanced himself yesterday from the Government's plans
to break up the group by privatising most of its subsidiaries.

Mr. John Listen said: a Horacon.

Shiphulders initiative, When asked if he envisaged on appointment that he would preside over the corporation's frag-mentation, Mr Lister said: "No, I would not have joined. I thought my job was to turn it round and make it viable. He said British Shipbufiders could break even in five to six years in its present form assuming prices and orders form assuming prices and orders continued their present rise. The removal of one yard from the corporation would reduce its

flow of public funds into the corporation which has accumulated
losses of £1.8bm since 1979.

Mr Lister said tafks on the sale
of Glasgow's Govan yard to Kvaerner industrier of Norway would
be completed in weeks.

Other parts of the business

Engineering plastics that win the race

If you are looking for top quality then EMS engineering polymers are right up there in front, EMS spe cializes in engineering plastics and technical fibres that meet the needs of modern technologies.

That is why you will find EMS high performance plastics in the outomobile industry, in electronics, in building applications, in the sport and leisure and in the pack-aging industry. EMS develops engineering plostics and technical fibres tailored to specific requirements. Our team of experts is

olways ready to help solve any processing problems that customers may have.

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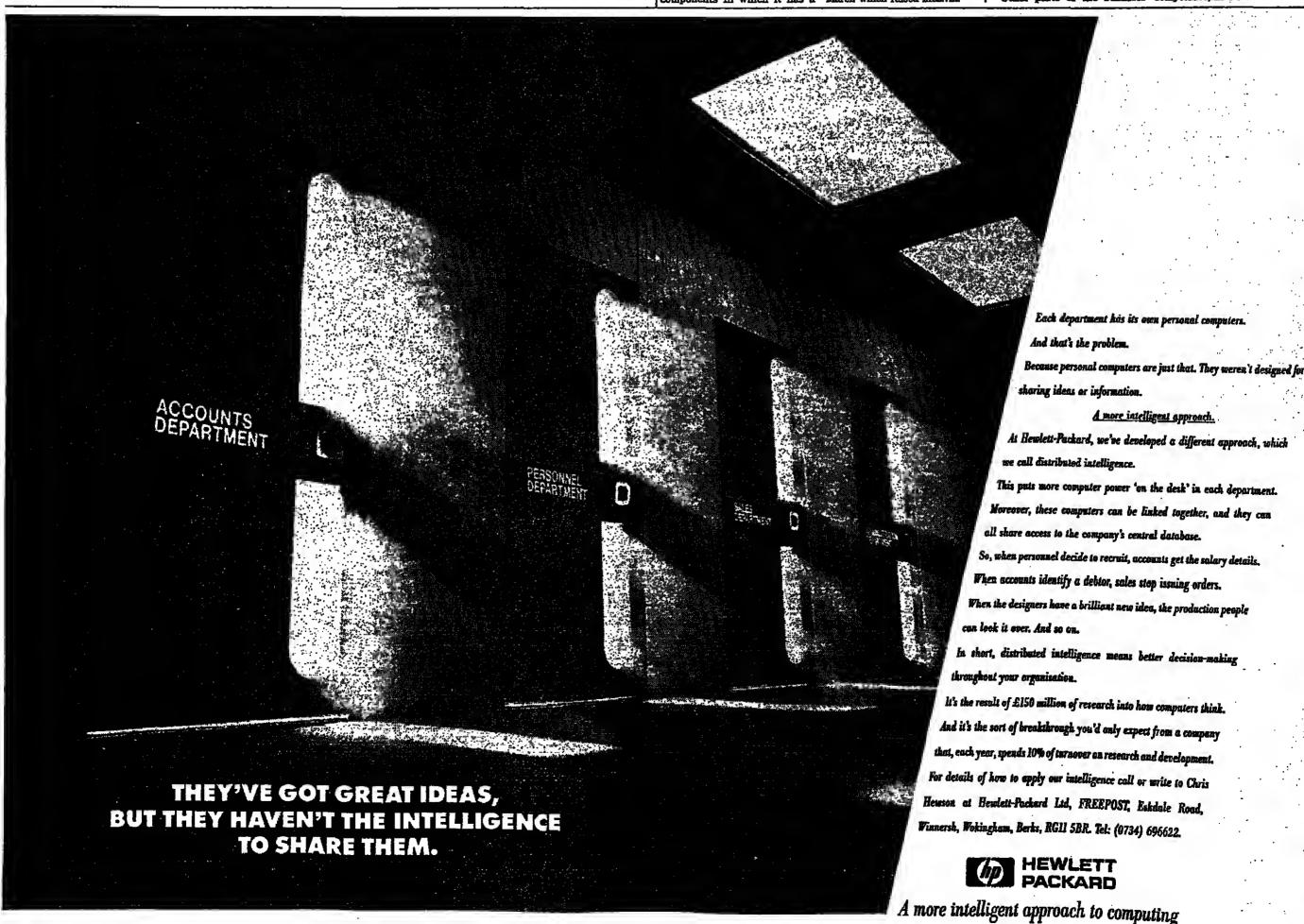
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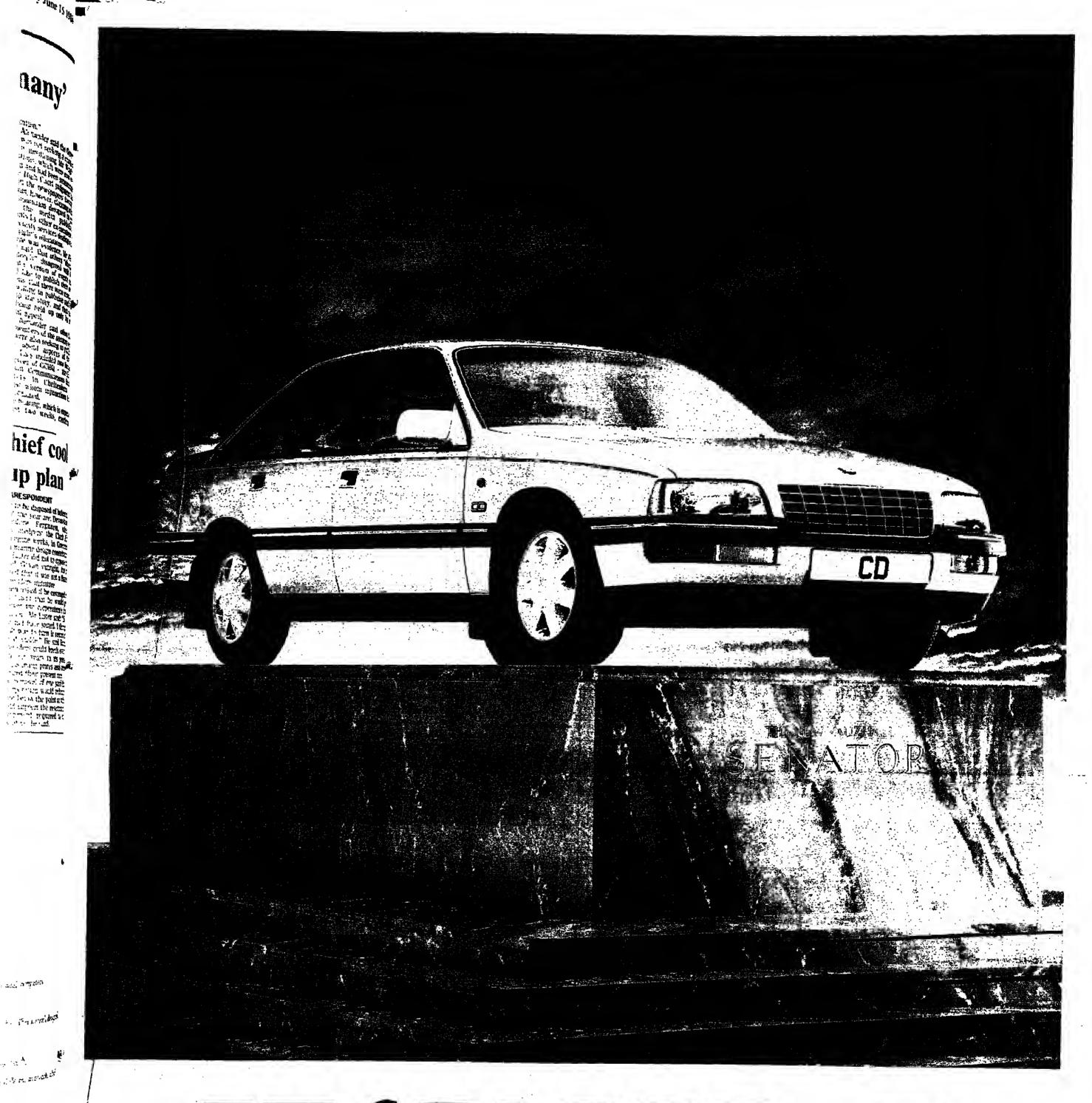
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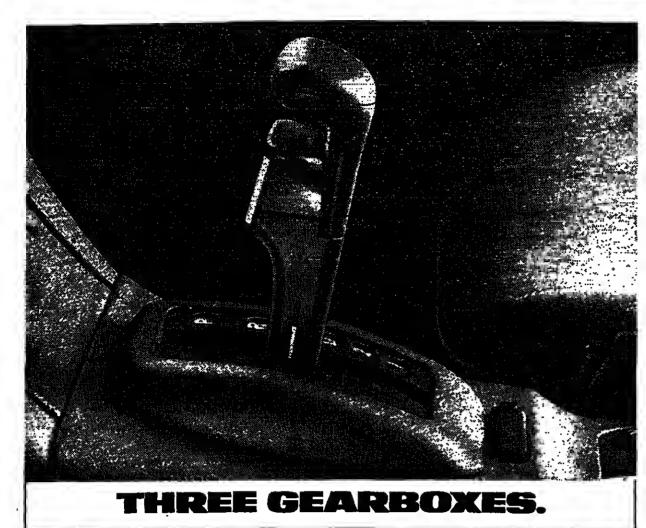


THESPONDENT

William

"AT £21,000 I'D EXPECT AT LEAST TWO OF EVERYTHING:

SOBEIT.



Over the years, people have come to expect a lot from Vauxhall cars.

None have been particularly expensive. Yet at each price level, few cars have matched them for value.

How then will the new Senator be received?

It replaces a car that had a fine reputation.

It has taken £700 million and 6 years to produce.

And at almost £21,000 for the CD version, it is the most expensive Vauxhall ever.

Expectations must be high indeed. Does the car live up to them?

Well, Frank Page in the Mail on Sunday described the Senator CD as "the car with everything."



A fair appraisal if only it didn't imply the Senator has just one of everything.

In fact there is far more to it.

The gearbox on the 3.0i CD, for instance, is no ordinary four-speed automatic. It allows you to alter the gearing to suit your mood or the road ahead.

Engage 'Economy' and the gears change up early to save on petrol.

Into 'Power' and each shift is at higher revs to make the most of the Senator's performance.

Switch to 'Winter' and you pull away smoothly in third gear, thereby avoiding wheelspin starts on snow and ice.

And because a computer matches the revs to the gear ratios, you glide through the gears with barely a murmur.

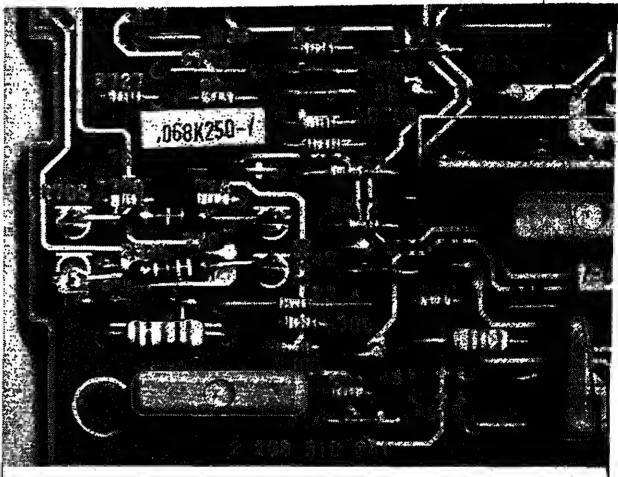
The engine too is the epitome of smoothness. Both the 2.5 and 3.0 have the very latest Bosch fuel injection and a six cylinder layout renowned for quiet efficiency.

Few rivals can muster their power. Or equal their top speeds of up to 130 mph and 137 mph respectively.

As Motor magazine says "the Vauxhall delivers its performance in a truly civilised manner."

It delivers you to your destination in similar fashion.

The Electronic Ride Control system contributes



TEN COMPUTERS.

to an unruffled journey by allowing you to adjust the suspension.

Flick the switch to 'Comfort' and the ride softens so that rough roads pass unnoticed.

Change to 'Sports' and a firmer ride allows you to fully appreciate the handling.

Select 'Medium' and you have the best of both worlds, a ride that is controlled and comfortable.

"The smoothness as well as the quietness of the ride bears comparison with the best class standards" was Autocar's verdict.

They were equally impressed by our new approach to suspension design.

It's called Advanced Chassis Technology, and in an emergency manoeuvre, such as a lane change at speed or sudden braking, it can mean the difference between losing control and staying on course.

Our brakes won nothing but praise from Motor. (Discs all round with ABS on the Senator CD.)

"The fade-free power and progressiveness of the system are beyond criticism. Full marks again."

The feeling of security is enhanced by the steering.

Power steering, naturally, but it is speed-sensitive to give you easy and positive control at all speeds.

ESTED VALIXIHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS. PRICES INCLUDE CAR TAX AND VAT BUT EXCLUDE DELIVERY AND NUMBER PLATES (MUD FLAPS OPTIONAL EXTRA). D.O.T. FUEL CONSUMPTION TESTS MPG (LITRES/100KM) 3.01 AUTOMATIC: CONSTANT

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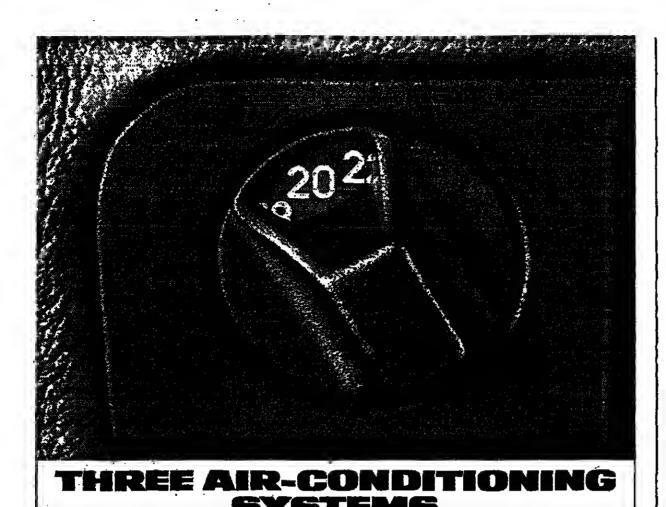
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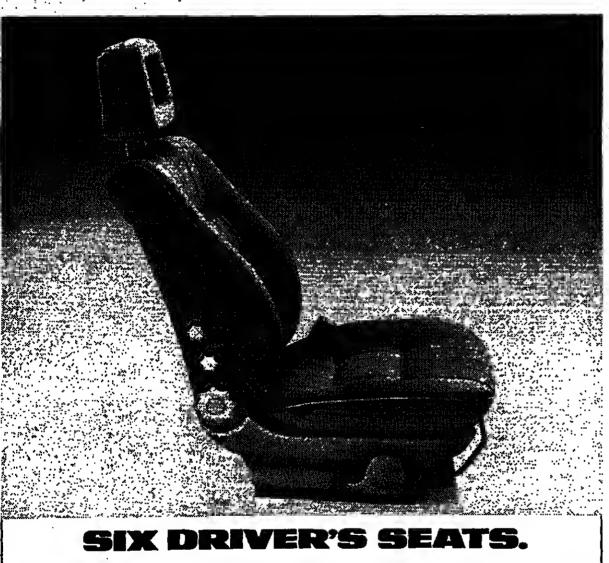
Motor



A computer works out how. It is one of 10 boxes of electronic wizardry on the Senator CD.

They oversee everything from the seven-function trip computer to the cruise control and one-touch electric windows.

Even the heating is electronically controlled. So once set it won't waver.



And as there are independent controls for each side of the car, your front seat passenger can be hot without you being bothered.

Back seat passengers haven't been given the cold shoulder either. They have their own heat outlets and separate controls. Along with air-conditioning on the Senator CD.

It cleans the air and cools it. Even in the glovebox. Melted chocolate and warm soft drinks become a thing of the past.

As do backaches halfway through your journey. The seats, which can adjust in six different ways, took two and a half years to design. And involved the first-ever X-rays of people using prototype seating.

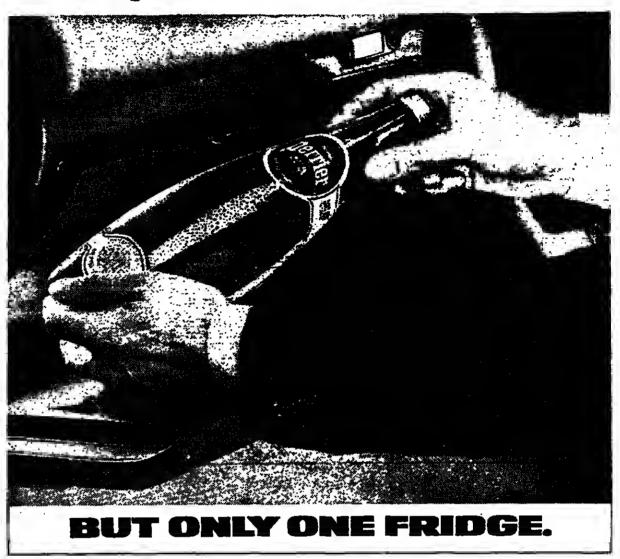
The results should leave our competitors feeling distinctly uncomfortable.

None of their front seats let you alter the lumbar support in two places.

(Naturally we also allow you to change the headrest position and adjust the seat height.)

Nor do they run to height-adjustable seatbelts front and back.

Our boot too is exceptional. All 18.7 cu. ft. of it. And if that isn't enough, simply fold forward the back seats, any of three different ways, to extend the boot through to the cabin.



Three suspensions, six speakers (yes, there is a security-coded stereo system), three gearboxes...

Surely that completes the picture?

Far from it.

As you will discover if you take a test-drive or telephone 0800 400 462 for an information pack.

That will also give you the opportunity to find out about all three versions of the Senator.

Your expectations will be exceeded by them all.

THE SENATOR. FROM £15,642 TO £20,904



56 MPH 40.4 (7.0); URBAN CYCLE 19.8 (14.3); CONSTANT 75 MPH 33.2 (8.5) MANUFACTURER'S PERFORMANCE FIGURES. 2.51 AND 3.01 TOP SPEEDS WITH MANUAL (OPTIONAL) GEARBOX. ELECTRONIC RIDE CONTROL SYSTEM IS STANDARD ON THE CD AND OPTIONAL ON 2.5 AND 3.01.

Rogue elephant at the Hague

By Celia Hampton

idea of being the universal policeman of European Community Their prices were higher than states" - a concept which gives competition law. It seeks instead Mme Bodson's. to make examples of what it considers to be especially pernicious

ally to collaborate in the fairly the EC Treaty since they were wish to compete in the supply of certain knowledge that the Comentered to perform one of the goods or services in that market mission will let them get on with communes' public duties.

- a broad base from which to

This modest element of certainty is no longer safe. A rogue elephant has entered the jungle - the Sixth Chamber of the European Court of Justice. It pur-sues a ruthless course in search of logic, and tramples down the fences which the Commission has allowed to be built around it.

The Philip Morris case last November' was its first serious adventure. It ruled that any anticompetitive terms agreed between competitors are illegal despite the fact that the purpose of the agreement is a transfer of

company ownership.
This snrprised everyone, including the Commiss until publication of the judgment, seems to have assumed as most others did that dealings in the ownership of companies took parts, the group is treated as a the whole agreement outside the scope of the restrictive practices

The Sixth Chamber has now stormed several more of the fences confining the Commission. Mr Jean-François Verstrynge of

islation of 1904 on funeral direc-tors. The communes (local has to prove, and opens new ave-authorities) took responsibility nues of potential Commission cession to a private firm to provide the actual services. The firm would be given exclusive rights in the area for burial but could grant a con-

Mme Bodson was a funeral company. director under a franchise from M Michel Leclerc, an entrepre-neur renowned for his low prices. She was stopped by a court order soning. The judgment immedifrom offering her services on the ately went on to deal with the of the market. complaint of a local concession dominant position of the PFG In order to be a companies. Furnishment of the market.

iaries had the exclusive conces- extraneous to the argument.

THE EUROPEAN Commission in sion in 9 per cent of French com-Brussels has long dropped any munes, but covering about a thinking is the judgment's treatidea of being the universal police third of the population of France. ment of "trade between member

Chamber of the European Court might otherwise pass as a matter ruled that any anti-competitive for the national competition Business might not regard the aspects of the concession agree authorities, if at all. European regime as benign, but ments between the communes A single EC country's market an accommodation has been and the funeral directors were can be restricted in a way which reached on some matters that outside the prohibition of restric will involve EC law if someone enables businessmen occasion- tive practices under Article 85 of from another EC country might

> agreements themselves required the concessionaries to charge certain prices, however, was no part of the EC market for the defence to a charge of abusing a Commission to be interested. The pricing These are not expectable. The fact that the concession

Much more surprising was the Sixth Chamber's decision to change the basis for judging whether the internal behaviour of a group of companies is outside the scope of the competition rules — the theory of the "eco-ture of the market has to be looked at to decide whether a

Where subsidiaries in a group have no power to decide on their own course of action, and where achieve a distribution of tasks between the group's component of the Treaty does not apply to its

The Chamber did not contra-Commissioner Sntherland's private office spoke of its recent judgment as "dangerous."

The case involved French legislation of 1904 on funeral directions of the case is a special content of the case nues of potential Commission interference. It could justify the subsidiaries in a group and their privileges, and its financial "conspiracies" with the parent resources.

This ruling was, moreover. Prompes Funèbres Générales proceeded on the assumption (PFG), itself a subsidiary in the Lyonnaise des Eaux group.

Between them, PFG subsidiary or was not to be proved was

Uncontroversially, the Sixth Article 86 to investigate what

start

dominant position by unequitable Commission itself argued in the pricing. These are not surprising Bodson case that restriction of a market would not have a perceptible impact on EC competition. The judges disagreed, saying

ture of the market has to be looked at to decide whether a country wishing to compete could do so freely.

This is so broad that it would seem that even something quite local could be caught by the EC The judgment suggests various

criteria for deciding whether dominance of the market exists so the prohibition of anti-competitive behaviour under Article 85 and whether the group exercises sufficient economic power to affect the way in which independent competitors might behave.

These include the importance of the part of the market in

which the group is wholly shel-tered from competition, as well as the advantages conferred by the monopoly in the conduct of other business (the supply of funeral flowers, for instance), group's position in places where it has not been granted monopoly

The enterprises involved in the dominant arrangement might all the time is ripe for a few test be members of one group, but cases — a volunteer to shoot the collectively enjoying dominance

In order to be in breach of the rules under Article 86, the enter-prises must abuse their position. Clearly this can be done by charging customers unfair prices. The judgment suggests a simple way of assessing this - com- eres (unreported), May 4 1988,

Also dangerous to accepted pare the prices charged in the places where there is an exclusive concession with the prices in

> The rule is somewhat wayward because this method of calculation was rejected in 1975 in the United Brands case, when the Court ruled that the Commission must first analyse the supplier's costs. The Sixth Chamber's apparent reversion to the old method will make the Commission's sums a lot easier to work

The Chamber also ruled that Article 90 of the EC Treaty, which regulates the behaviour of public undertakings and allows the Commission to take direct action to enforce their good conduct, applies to the sort of exclasive arrangements provided hy private firms of undertakers

nopolies, such as the telecommunications anthorities, where last month it adopted a policy of direct action despite the disap-proval of the Council of Minis-

The judgments of the Sixth Chamber in the Philip Morris and Bodson cases pose a considerable threat to any certainty in decid-ing what the law is. Both rulings are terse to the point of opacity and state novel propositions in a way which seems to assume that they are perfectly ohvious.

That they represent logical extensions of the rules is undeniable, but they also alter accepted theory and practice in a way which makes one wonder if the change was wholly intended. It is significant that a senior

member of the Commission staff should say that the Court is going further and faster than the Commission; where the Court leads, the Commission will surely follow, especially where it is plainly of so much benefit to its

cases - a volunteer to shoot the rogue elephant, perhaps. Cases 142 & 156/84, FT Business Law Brief, December 1987. ² European Competition Policy

and Your Company, Management Centre Europe, Brussels (Rue Caroly 15), May 30-June 1 1988. Case 30|87, Bodson v SA Pompes Funèbres des Régions Lib-

Treasurer at Esso UK

ESSO UK has elected Mr R.E.Penn as treasurer from July L He is area manager Middle an Far East in the treasurer's department of Exxon Co International and succeeds Mr Chris Pot-ter who is to take up an assignment with Exxon in the US.

PROFILE INFORMATION, a wholly-owned subsidiary of Financial Times Business Information, has appointed Mr Robin Oliphant its managing director. He was previously with Windsor Television as director of sales and marketing - cable services.

At the UNION BANK OF FIN-LAND, London branch, Mr Charles Bailey has joined as trade finance manager. He comes from the global trade services department of Midland Bank, where he led the team respons ble for financing export contracts undertaken by the UK construction industry.

Anis confirms the breadth of that article and will give the Commission some useful support in its action against public monopolies. Such as the talking that article and will give the director of Bacoglaze Systems, has been elected president of the ALUMINIUM WINDOW Accounts. ATION for the next two years.

> Mr Kim Taylor-Smith, commer cial director and company secre-tary, has been appointed to the board of FINLAN. Mr John Fin-ian, the founder of the group, and Mr Gerald Ames, former managing director, are both leaving the board. Mr Elliott Black, senior partner of Black, Graf and Co, is also resigning from the board due to other commitments.

> THAMES WATER has made Mr John Hurcom its operations director. He joins Thames from British Telecom where he has been district general manager. Solent, for the past four years.

> EMERSON ELECTRIC CO has made Mr Graham Wilson presi dent of the Rantec division and Mr A.E. Jordan managing direc-tor of the industrial controls division. Mr Wilson was managing director of Emerson Electric (UK) and Mr Jourdan managing director and group operations director of Prestcold, a Copeland com-

OCCIDENTAL has appointed Mr Mr Bill Thewlis, chairman of Glenn Shurtz as president, Occi- Wharfedale, has become a non-dental Petroleum (Caledonia). He executive director of CROSS-He replaces Mr Joseph Snape Volvo Trucks. who has been appointed presi dent and general manager of Mr Don Lennard has been made Occidental de Columbia.

Reorganisation of Lloyds Merchant Bank company

Following a review of corporate ment; private client manage-structure, LLOYDS INVEST-ment) has Mr d'Adhemar as its MENT MANAGERS (LIM) has chairman, Mr Ackerman, manage-established five subsidiary com-ing director, and Mr C.G. Anderboard, which has been reconsti- directors. tuted, are also directors of LMB.

tive chairman with Mr P.M.R. aging directors, while Mrs S.M. d'Adhemar and Mr B.T Acker- Cortis, Mr I.A. Ebblewhite, Mr man managing directors. Mr AJ. Harris, Mr C.W. Knight, and B.C.P. Brookhouse, Mr B.C. Mr B.G. Williams have been Clark, Mr R.W. Haines, Mr K.M. appointed directors.

Jecks, Mr C.W. Knight and Mr P.J.A. Kysel have become directors.

Lloyds investment Management international (principal activities investment management)

Mr Hurst-Brown becomes chair-managing directors, and Mrs Cur-man, Mr Knight, managing directis, Mr Ebblewhite, Mr Harris, tor, and Mr Ackerman a director. and Mr Williams as directors. Lloyds Fund Management (At Lloyds Pension Fund Man-principal activities - unit trust agement (principal activities -investment management; UK pension fund management fixed income treasury manage- including direct property man- Williams, directors.

panies. LIM is a subsidiary of son, Mr C.P. Crosland, Mr K. Lloyds Merchant Bank (LMB) James, Mr R.H. Meadows, Mr and the directors of the LIM G.C.A Roads and Mr P.J. Slater At Lloyds International Fund

The LIM board and the boards of Management (principal activities the subsidiary companies are as - institutional fund management follows:

At Lloyds Investment Managers Hurst-Brown is chairman, Mr
Mr C.N. Burst-Brown is execuBrockhouse and Mr Kysel man-

activities - investment manage-ment for US clients) has Mr At Lloyds Bank Fund Management (principal activities - open/ Hurst-Brown as its chairman, Mr closed end international funds) Brookhouse and Mr Kysel as



Mr C.N. Hurst-Brown, executive chairman of LLOYD INVESTMENT MANAGERS

agement) Mr Hurst-Brown has been appointed chairman, Mr Haines and Mr Jecks, managing directors, and Mr Ackerman, Mr Anderson, Mr Clark, Mr G.J. Hemsley, Mr Kysel, Mr R.J. Prance, Mr K.W. Sands, and Mr

Changes at N.M. Rothschild & Sons

managing director (group finance and international) of N.M. temporary director and chief as chairman.

ROTESCHILD & SONS on July 1 executive since December 1987. when Mr John London will be responsibilities within the Rothschild Group in order to pursue other business interests. Mr Lou-don will become a non-executive director of N.M. Rothschild & Sons and will remain a non-exec-utive director of N.M. Rothschild Asset Management. Mr David Sullivan will become managing director (administration) of N.M. Rothschild & Sons on July 1.

Mr Guy Billinge and Mr James Curry have been appointed directors of D.H. RIDOUT & SON, a subsidiary of the Bectone Group.

Mr Stuart Fraser, head of sales at NATIONWIDE CORPORATE FINANCE, has been appointed to

will be responsible for all aspects ROADS COMMERCIALS GROUP, of the company's UK operations, the Yorkshire distributors for

relinquishing his executive Mr Bill McGrath has been director of Binder Hamlyn Investappointed managing director of ment Management, has been WICKES BUILDING SUPPLIES, appointed a partner in BINDER the Wickes Group's UK retailing HAMLYN ASSOCIATES. the Wickes Group's UK retailing subsidiary. Ha is the founder of

> BANK OF SCOTLAND Mr A. Trim from July 1.
> Scott Bell and Mr Norman Lessels were appointed directors. Mr Mr A.M. Thomas has been Bell is managing director of the Standard Life Assurance Co and Mr Lessels is a partner in the Firm of Chiene & Tait and has been chairman of the Standard from the Unilever company Van Life Assurance Co since March den Berghs and Jurgens.

Mr John Haynes operations poration.

director (Bristol). Mr Enpert Wilkins, managing become chairman of the TARGET director of Mitchell and Butlers COMPUTER GROUP. He was

Mr Bernard Myers will become MARINE TECHNOLOGY DIREC tember 26. Ha succeeds Mr

Mr Paul Cattermull, managing

Builders Mate, which was acquired by Wickes last year.

**

ELECTRONIC DATA SYSTEMS has appointed Mr Clyde W. Ziegier managing director of its UK At the annual meeting of the division to succeed Mr Floyd C.

SCIENCE SYSTEMS has Management Mr Gerry Olijslager appointed two directors: Mr has been appointed property Bryan Hucker, chief accountant, underwriter for Lloyd's syndicate becomes financial director and 1968. He joins from CiGNA Cor-

Mr Michael Whitaker has Central, has been appointed man-head of electronics industry analaging director of BASS MITCH- yess at Chase Manhattan Securi-ELL AND BUTLERS from Septies.

Half the population of Holland are clients of the same bank. The Postbank.

Now some may say there is room for improvement. But you could equally claim that this is a unique achievement. For any bank in the world.

So why, you may ask, does the Postbank have such a low international profile?

The answer is rather complicated. The Postbank is the result of a recent merger between two national phenomena, which, until now, have concentrated oo the domestic market.

First the "Postgiro", which handles nearly 50% of all bank transfers in Holland and issues the country's most used cheques.

And second the "Rijkspostspaarbank", which holds 7 million savings accounts (the population is just 14 million) and is the second



magine what would happen to Holland without the clients of the Postbank.

largest bank in the country for financing private property.

These two semi-governmental institutions have now joined forces and entered the market as the independent and commercial

And the future aim of the Postbank? To intensify its relationship with the business world both at home and abroad.

At home that relationship already exists in the field of hightech payment facilities with 80% of all Dutch businesses.

And abroad? Well, there is room for improvement there. Which is why we are introducing ourselves here

Because although we may serve half of Holland, we're not planning to do international busi-



He takes his secretary on every trip.

With the Cellnet system you need never be without the facilities of a secretary, even though you are miles away from the office.

Working men and women can work whatever hours they want. And working husbands need never be without the approval of their wives.

The Cellnet 24 hour operators give you help and advice whatever the time of day or night.

Our operators will find numbers and make connections just as your secretary does. We even have operators who will organise flowers or champagne for you before you arrive for an anniversary that slipped your memory.

Cellnet are pledged to provide the best possible service to all their subscribers wherever they are. And

Cellnet cover over 90% of the UK including the Channel Isles and the Isle of Man.

We provide the communication services you need in running a business, in keeping with our position as the world leaders in cellular phone technology.

Apart from constant communication with customers wherever you travel, there are the benefits of the 600 messaging service. This will alert you when messages are received and store them until you've finished and are ready to deal with them. Just as your secretary does.

And equipment has also been developed so that you can fax plans or documents, use computers, and plug into data systems. As easily as if you were in the office.

When you choose a cellphone be sure to specify the Cellnet system. It's revolutionised business and you can be sure you are not just getting the most advanced system but you will be kept up-to-date with all the latest developments as they happen.

Which is why all working men and women should post the coupon, or phone us now on 0800 424 323.

To Cellnet, Freepost, Conrad House, Birmingham Road, Stratford-upon-Avon, Warwickshire CV37 OBR.

Please send me a Cellnet information pack.

Telephone Number_____



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20 April 1987 198

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San James Bar

. January 18

Clive Cookson examines international efforts to make coal a cheaper and cleaner source of fuel for power stations

Cleaner coal warms up for a freer energy market

Coal, the International Coal fuels got a fair bite of the Development Institute and the cherry," says Stephen Dawes, environmental group Friends of the Earth, which is being held in For its part, the CEGB says it London today and tomorrow.

Meanwhile, the pollution asso-ciated with coal burning - par-ticularly acid rain - will be on

Walt Patterson, the energy consultant chairing the conference these will require expensive "flue session on coal combustion tech." gas desulphurisation" (FGD) session on coal combusuon pecu-nology, says international enthu-siasm for new types of coal-fired dioxide emissions, one of the power station is growing, but the power station is growing, but the plant is expected to add 15 per (CEGB) have so far shown little next generation of coal-fired sta-

Britain's main experimental

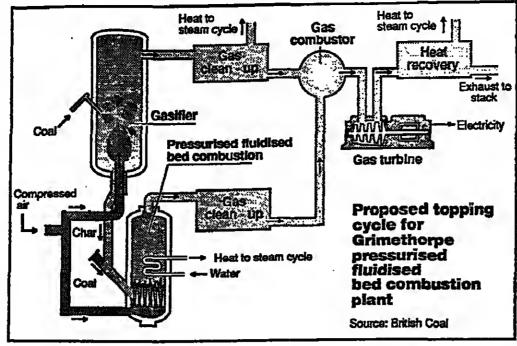
CROWING environmental con-cern about the pollution caused less than other Western govern-by traditional coal-fired power ments on coal research and stations and uncertainty about development – only 5p per tonne the long-term future of nuclear of coal used for power genera-power have prompted an upsurge of international interest in new ernment's 31p per tonne, West "clean coal" technologies.

The extent of the world-wide research effort will become clear at the international Clean Coal the International Interna

cannot justify spending more money on Grimethorpe because money on Grimethorpe because the process being developed ticularly acid rain — will be on the agenda at tomorrow's meeting of European Community environment ministers, when the UK Government is likely to come under pressure to accept much stronger controls on power stations.

money on Grimethorpe because the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity consumera better value for money by going for economies of scale and building large conventional plants with 200 MW for the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity consumera better value for scale and building large conventional plants with 200 MW for the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity consumera better value for scale and building large conventional plants with the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity consumera better value for scale and building large conventional plants with the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity consumera better value for scale and building large convention and the process of the process being developed would work well only in relatively small power stations — up to about 300 megawatts (MW). It says it can give UK electricity and the process of money by going for economies of scale and building large conven-tional plants with 900 MW turbine generators, even though Electricity Generating Board cent to the cost of the CEGB's

"The CEGB is locked into the ogy, at Grimethorpe in South Yorkshire, is threatened with closure because the CEGB has decided not to renew a three-year agreement with Brifish Carl plant for advanced coal technol- dinosaur view that it has to build agreement with British Coal to Development Institute. "But in share research costs British Coal fact there is going to be a says that it can only contribute demand for a proliferation of part of the £38m required to consmall power stations in Britain,



generating capacity in the 1990s. "Although the board believes big stations will be most economic. Power without acid rain there will be opportunities for

private companies to develop dif-ferent sizes and types of plant." Indeed British advocates of advanced coal technology are pinning their hopes on the impending privatisation and break-up of the CEGB. Under the Government's plans, private companies will be encouraged to build rower stations a most of build power stations - most of which are likely to be small and so suitable for innovative gener-ating systems. Walt Patterson says half a dozen of the private UK consortia now planning power stations want to use new

In a traditional coal-fired power station, a mixture of air and coal powder burns in the combustion chamber. Sulphur dioxide has to be removed afterwards by passing the exhaust gases through an FGD plant, although emissions of nitrogen oxides (NOx), the other main contributor to acid rain, can be reduced by altering comhustion conditions. The CEGB is spend-ing £170m on "low NOx hurners" for its coal-fired power stations.

The new technologies remove both sulphur and nitrogen pollut-ants during combustion. They convert coal anergy into electric-ity more efficiently than a conventional power station by using two turbines, one driven by steam and the other by gas, in a 'combined cycle".

Although several advanced technology generating systems are being developed in different tinue work at Grimethorpe and has asked the Energy Department to help with the rest.

Britisb Coal officials argue that the world. They fall into two categories: fluidised bed comment to help with the rest.

A CEGB spokesman says that bustion (FBC) and integrated gastication combined cycle (IGCC).

Finidised bed combostion involves burning crushed coal in a bed of inert particles, such as ash, sand or powdered limestone. An upward flow of air keeps the bed in constant motion, bubbling like a boiling kettle. An FBC power plant bas one turbine driven by steam produced in boiler tubes immersed in the flui-dised bed, and a second driven by the hot exhaust gases.

FBC systems have two immediate advantages. The first is that they can burn a wide variety of materials, including rocks so low in coal that it just shows as black flecks in the surrounding stone. The second is pollntion control. Because the FBC combustion temperature is lower than in a conventional burner, less NOx is formed. Calcium-containing min-erals (limestone or dolomite) in the bed trap any sulphur in the burning fuel to form solid calcium sulphate; emissions of sulphur dioxide gas can be reduced

by more than 90 per cent.

The type of FBC with the best track record of power generation is known as circulating fluidised bed combustion (CFBC). In this process the air flows so fast that the bed loses its clearly defined surface and a swirling cloud of particles fills the comhustion

ing company Ahlstrom. Its larg-

remarkable success over the last decade without any significant funding from government

An important variant of FBC pressurised fluidised combustion or PFBC - has received con-siderable government support. without so far achieving as much success as CFBC. Its main fea-ture is that the entire combustion chamber operates at a pressure between five and 20 atmospheres. This means that the plant occupies much less space (and should therefore be less expensive to build) than FBC at normal atmospheric pressure; and that the exhaust gases can be expanded more effectively through a gas

PFBC was invented by British Coal researchers and much of the pioneering development work was done at Grimethorpe. But the only three commercial PFBC orders so far have been won by ABB, the giant Swedisb-Swiss engineering group. The first and largest is a combined heat and power plant due to open in Stock-hoim late next year, which will generate 135 MW of electricity and 220 MW of heat for the city's district hesting system, while meeting extremely strict emission control requirements. The other two ABB plants are under construction in Spain and the US (in partnership with Babcock &

The leading supplier of CFBC these orders to lead to wide-systems is the Finnish engineering company Ahlstron February Personal Commercialisation of the spread commercialisation of the sprea PFBC during the 1990s, particuest plant is a 291 MW unit at larly in Sweden where the Gov-Nucla in the US. As Walt Patter-ernment is trying to phase out

Stepping on the gas

Integrated gasification combined cycle (IGCC) plants have a gas-ifier, in which coal reacts with steam and air or oxygen to produce a raw fuel gas containing carbon monoxide, hydrogen and methane. This gas is cleaned chemically to remove pollutants before firing in a gas turbine to generate electricity. The hot exhaust is then used to produce steam to power another turbine.

British Gas and Lurgi, the West German engineering company, have been working together on coal gasification since the 1950s. Until recently the purpose of their "slagging gasifier" was simply to produce gas from coal, but plentiful supplies of natural gas mean this remains

So the two companies are now focusing on power generation. Since 1986 the British Gas/Lurgi gasifier in Westfield, Scotland, has driven a Rolls Royce SK30 gas turbine to produce electricity for the South of Scotland Elec-tricity Board. To the delight of British Gas, the CEGB now sees more potential for future coalfired power stations in its gasification technology than in British Coal's Grimethorpe plant.

Several other companies have developed gasifiers for IGCC, particularly in the US. The world's largest IGCC demonstration plant, at Cool Water in California, uses a Texaco gasifier. Cool Water has operated successfully since its completion ahead of schedule and under budget - in 1984.

According to the Electric Power Research Institute (EPRI). one of the sponsors, tha results from Cool Water show that a commercial IGCC plant could generate electricity more cheaply and cleanly than a conventional coal-fired plant with FGD.

Michael Gluckman, technical director of EPRI's advanced power systems division, says IGCC is a superior technology to FBC because pollutants can be removed mure effectively, it produces less solid waste and it has a commercial by-product in sulphur-based chemicals. Sven Jansson, of ABB, disagrees. He points out, for exam-

lower quality coal than a gasifier. British Coal is working on a combination of gasification with PFBC. Ita proposed "topping cycle" would have a separate gasifier to boost the temperature of the gases entering the gas tur-bine. Conventional power stations with FGD convert 37 per son remarks in a recent report on advanced coal-use technology for the acid rain that is blamed for electricity, whereas British Coal matinn, CFBC bas achieved forests.

Europe risks falling behind in IT

BY CLIVE COOKSON

pean counterparts in persuading in computing and communica-tions products, which has grown from \$3.3bn in 1980 to \$15.6bn in 1986 and a projected \$25bn in

European governments have been preoccupied with their own problems of creating a single European market and have lost sight of the international context of the informatics industry," Logica says.

The growing industrial importance of information technology or informatics, as the report calls it - is forcing govern to play a more active role. But Logica points to changes in the way they participate:

• Governments sre moving away from direct intervention towards regulation. The state has often been directly involved through the control of post, tele-graph and telephone (PTT) monopolies, the creation of "national champions" among equipment suppliers and large-scale support for research and are becoming less of a player and more of a referee.

They increasingly address the

NEW report from Logica, the directed towards giving users a UK computer software company, wider choice and better services, which analyses national policies by liberalising the market for on the communications and computer industries, warns that it could be too late for Europe to ing policies concentrate on pro-

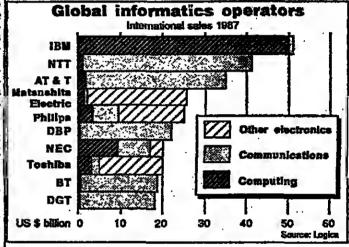
prevent the US and Japan dominating the international market for information technology.

The report says that the US Government has taken a much more active role than its European counterpart to prove the counterpart to attract international suppliers pean counterparts in persuading and users. Multinational compa-Japan to tackle its trade surplus and users. Multinational compa-in computing and communicanies can now locate their activities wherever they choose.
Rather than directing the informatics industry, governments are increasingly having to compete with each other to attract it."

Logica argues that, with the convergence of computing and communications technologies, it makes sense to talk about a global informatics industry. An increasing range of goods and services combine information storage and processing with communications.

The company has analysed the world's leading "informatics operators" and discovered that the top 10 (in terms of sales) include five PTTs or former PTTs: NTT of Japan, AT&T of the US, DBT of West Germany, British Telecom and DGT of France. The others primarily supply computers or electronic goods.

Logica concludes: "It is the Japanese electronics glants, NEC. Fujitsu, Hitachi, Toshiba et al which now seem best positioned to exploit the information age. They typically have a vertically integrated structure which stretches from component mann demand side of the industry facture through computers and rather than the snpply side. Tele-communications to consumer

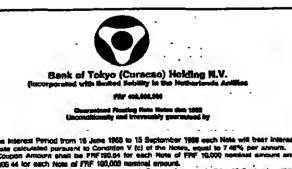




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FINANCIAL TIMES

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Notice is hereby given that a dividend of 2.45p per share for the half-year ended 30 June 1988 will be paid on 31 August 1988 to holders of the Currulative Preference Shares registered in the books of the Company at the close of business on 28 July 1988. By order of the Board

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> Carol Haney on 01-459 0030

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There are prospects for a group flotation which makes the future career and earnings potential of this position excellent. In addition there will be the normal range of banking disciplines will be banking disciplines and products.

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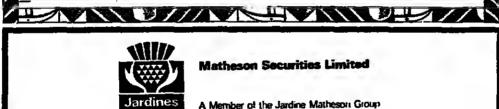
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Keeping a hold on new entrepreneurial talent

David Waller looks at an innovative style of retail management

COLORVISION is unusual. The Michaelson devised the Manage-TV and video shops it operates are not just shops, they are Management Enterprises. The shop-managers are not just shop managers, they are managing directors. And in each of the shops, the day begins not with a cup of coffee but a rousing chorus of the company song: "IZY, whize the company song: "IZY, whize

whizzy, let's get busy. ...
The managing directors talk about their jobs in the kind of language normally used by born-again Christians. "It's the best thing I've ever done." says 29year-old Henry Churney, for-merly a wholesale hinge sales-man. "I feel like a different per-son," agrees Barry Price, the 28-year-old managing director of the Stockport hranch and once a store manager for rival consumer store manager for rival consumer electrical products retailer, Dix-

It is not just the managers whose lives are transformed when they join Colorvision: their wives tend to benefit as well. Neville Michaelson, the company chairman. remembers one woman coming up to him at the company's annual get together wearing a hrand-new fur coat.
She said she couldn't have been wearing it hut for me." he recalls.

"It was an absolutely fantastic

feeling."
Michaelson is revered throughout the Colorvision empire as a marketing genius and a motivator par excellence. He founded Colorvision in 1964 with his brother Bernard, and developed the Colorvision retail formula.

The company concentrates on straight sales of TVs and video cassette recorders (VCRs), ignoring the rental side of the market altogether and other products such as cameras and computers sold by rivals. Aggressive pricing is supported by equally aggressive advertising. The formula helped Colorvision generate the highest net margin of any electri-cal goods retailer, according to a survey published by the Corpo-

ment Enterprise scheme as a means of extending the Colorvision formula beyond its Liverpool base. The first Management Enterprise was opened in Bolton in 1983. This involved forming a

new company, in which the shop manager acquired - for a price - a 20 per cent stake entitling him to 20 per cent of the profits. And of course, the shop manager was no longer a shop manager, he was the first of the managing directors.

There are now 21 managing 350 such shops commanding 20 per cent of the market for TV and VCR sales. Reflecting the devel-opment of the scheme to date, pre-tax profits have risen from 577,000 in 1983 to £1.6m last year, and turnover from £3.2m to £12.9m over the same period. Yesterday's latest interim results profits up from £620,000 to £1.9m on a doubled turnover of £11.8m

against 55.6m previously.

The scheme was devised as a response to the perennial problem that a company expends time, money and effort in training its managers, only to have the best of them poached. "We had to create a scheme to stop people from leaving," the chairman recalls. "There was no point in teaching them the lot and then losing them to competitors."

Franchising was a possibility, but this was rejected on the grounds that the structure of a franchising arrangement creates a conflict between franchisor and franchisee. "The franchisor takes a levy on sales. That is his only commitment to the business. The franchisor has no financial interest in the profitability of the

rate Intelligence group last
December. Colorvision's net margin on sales was 10.3 per cent,
compared with Divxons' 10.1 per

Colorvision does not advertise
for its management entrepreneurs, but a hrief list of what is
required includes: ambition; a

as it's within the law" (says Michaelson); a history of achieve ment; a desire to hecome wealthy; and, last but not least, £25,000 in cash.

The cash is secondary to retailing talent, according to Nigel Elton, Colorvision's finance director: "It is a means of committing the talent." The precise amount is negotiable; it has recently risen from the £10,000 required when the first scheme was intro-duced. The money goes into the halance-sheet of the individual Management Enterprise as a loan, repayable after four years from the new company's own resources. The entrepreneur must put up a further £200 for his 20 per cent of the company's equity capital.

The would-be entrepreneur

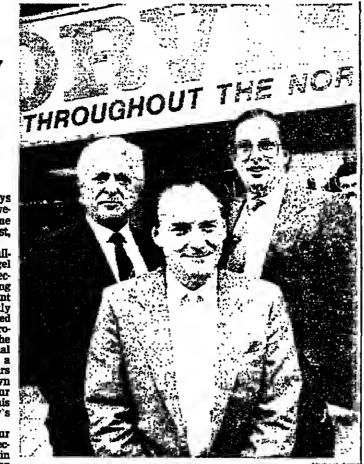
must undergo a rigorous selec-tion process which culminates in a four-hour inauguration meeting which is attended by the candiwhich is attended by the Calaudate's wife. "We try to put them off," says Michaelson. "We study the body language when we tell them they could lose their \$25,000. If the husband is a wimp continued the trend with pre-tax in the company of his wife, then we wouldn't be interested."

If accepted, the entrepreneur must sign a voluminous legal agreement. He is encouraged to go through the document with his own lawyers: if the contract is breached, the candidate risks forfeiting his £25,000 investment. He must set about finding a loca-tion for his Colorvision snop, tak-ing full responsibility for assessing the local market and finding. premises. While this is under way, his training begins with a period working in the Colorvision-

shops in Liverpool.
"They have something to lose, their own flesh and blood and money," Michaelson observes. "Believe me, they become very receptive pupils."

If they have something to lose, they clearly have something to gain as well. A typical outlet generates £1,200 of net profit a year for each square foot of selling space - a margin of over 10 per cent on sales. A 500 sq ft shop is compared with Divxons' 10.1 per cent.

In 1982, five years before the company joined the unlisted securities market, Neville required includes: ambition; a supportive wife; "a genuine love for the customer and a willing ness to do anything to make a securities market, Neville sale, absolutely anything, as long around £500,000 on sales of around £500,000.



claiming highest net margin in electrical retailing

own company's profit and loss account. In time, if he opens a bank-borrowing.

Second shop, he could be earning over £50,000 a year. "That's the sort of number that's huzzing Management accounts must be submitted to I were on meeting and his level of bank-borrowing.

However, performance is closely monitored by head-office.

Management accounts must be submitted to I were on meeting and his level of bank-borrowing. Management Enterprise in West

According to Henry Churney, money is not the prime motiva-tion for most of the management their responsibility to answer entrepreneurs. The scheme represents an opportunity for a man-ager to "do his own thing" and to develop his career beyond the bounds of what would be possible in one of the multiple retailers. All there is to lose is the initial

The entrepreneur has the hene-fit of being his own boss, with the back-up of Colorvision plc. specifies the sign that should be caught "teeming and lading", and street, London ECIV 8BB. caught "teeming and lading", and Boundaries are Made. July 6, Beyond that, the managing deposit.

The entrepreneur is entitled to director has total discretion: over 20 per cent of this in the form of stock-levels; pricing strategies a bonus on top of a basic salary and special offers; recruitment of of £15,000, all payable out of his staff and incentive schemes;

through my hrain," admits Steve submitted to Liverpool weekly, Lyons, the 25-year-old managing and there is a tier of managedirector of a recently opened ment between the board and the managing directors whose joh it is to keep a close eye on the husinesses to make sure they are queries, offer advice and organise sales conferences. "Head office is genuinely helpful," observes Boh Murray, who has just set up shop in Carlisle. "It's not a question of Big Brother at all."

to test its strategy in the long Britain's Managers - The Manterm. As it is extended, it may agement charter Initiative and become more difficult to operate its Implications. June 22, Lonthe back-up of Colorvision plc.

Head office negotiates with TV manufacturers, landlords and bank-managers — winning better prices and terms than the managing director could do on his own. Head office also dictates the type of carpet that must be used and specifies the sign that should be

Information systems

A strategy for organisation

By Alan Cane

the management information actions and processes of the business (MIS) which have been running on mainframa computsystems (MIS) which have been ers at head offices all these years have been churning away in vain. The husiness information they produce is neither needed lytical and intellectual processes nor wanted by the senior managers for whom it is intended.

answer. This is based on two fac-tors: a new understanding of how processing are consistently differprofessionals work together in offices and the recent developments in the networking of personal computers.

Charles Brett, a PA consultant working on the barriers to effective implementation of office automation chiefly in the financial services sector, says the output from traditional MIS is ill-suited to the needs of senior executives. "The average professional uses little, disappointingly little, data from information systems. PA's findings at one insurance client suggested that information derived from the company's information technology system came to less than 2 per cent of the knowledge applied to the

Professionals, he concludes gather the information they need from many sources - television, However, performance is radio, Reuters and other informa-closely monitored by head-office. tion vendors, banks, chance con-Management accounts must be versations and so on. But they submitted to Liverpool weekly, from their own computer

> Charles Brett says this, at least n part, is a consequence of the difference between the way an

THERE IS depressing news for information systems specialists: if new research from the PA consulting exact the processing (DP) systems are concerned with the regular transand identifying a correct decision rs for whom it is intended. or recommendation. "In prac-However, PA snggests an tice." Brett claims "Pattern

> He hastens to add that it is not entirely the fault of the data pro-cessing experts that their efforts are so little used. His investiga-tions showed that "major systems, whether data processing or office systems, were techni-cally efficient, run by able and efficient people hut did not address the issue that individuals wanted addressed."

All this begins to explain why office technology has not con-ferred the expected benefits and why there is now a marked reluctance to invest in any form of system for the office. "Nowhere has this disenchantment been clearer than in the City or Wall Street," says Brett. "Mention 'office automation' and most managements imagine increased systems investment and anormous manpower overheads. And in the past this scepticism has been well justified."

He now argues, however, that the combination of the personal computer, and the new understanding of how people work in offices, offers real and measur-able benefits in the office.

Tha personal computer, he

says, is a powerful tool – an ideal extension to an individual's intellectual and analytical powers. But it is no good on its own. As much use, in fact, as a pencil and paper without a postal system. Professionals cross many different houndaries in their different boundaries in their working lives, working individually and as a member of a num-ber of different teams - for exam-ple, with their secretaries, or with other members of a task with other members of a task force. Their use of personal computers must reflect all these relationships. Brett argues. The means of doing this is to link personal computers together into networks or "group deak systems" to use Brett's terminology. Users must realise that they have all these different associations and their use of the computer must reflect this. puter must reflect this.

The technology for doing this should be completely hidden from the user: "Group desk systems take off when small communities of people find common self interests, just as in ordinary life," says Brett. "Group desk systems excel when users discover they are part of a multi-accept group with similar equipment and similar freedom. How much more impact a user feels much more impact a user feels when he or she know that on the desk they have the means via the desk system to contact anyone else in the organisation or even

What about all those formal MIS systems? Will they end up on the scrap heap? Not a hit of it, Brett says, they are complemen-tary to desk systems and the two should be linked as part of an organisation's information systems strategy.

Business courses

Competence and Enterprise: Colorvision's challenge now is Training and Developing

(£172.50 for CCMA members). 25-40 Kensington High Stret, Lon-Details from European Study Conferences, Donglas House, Queens Square, Corby, Northants NN17 1PL.

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The 1988 Business Woman's Forum. June 27-28, London. Fee: £425, plu VAT. Details from The Conference Manager, Forum Communications, London House,

don W8 4PF.
The fundamentals of finance and accounting for non-financial managers. Brussels, August 29-September 2. Fee: BFr91,000 nonmemhers, BFr81,900 members. Details from Customer Service Department, Management Centre Europe, Postbus 95, NL-3417 Montgort, The Netherlands.The 1988 European Summit for Young Professionais. St. Moritz August 31-September 3. Fee: £1,750, or £1450 for those making

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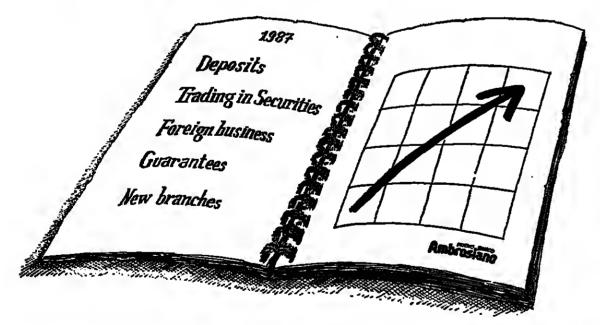
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SOCIETE GENERALE DE BELGIQUE

As at 31 December 1987 Société Générale de Belgique's share-holders' equity stood at BEF 67.6 billion, of which approximately BEF 22 billion was new money raised during the last financial year. This is the highest figure for five years. The new funds were generated by an offer for sale, a capital increase out of authorized capital and, finally, the issue of a DEM loan with

The Extraordinary General Meeting of 8 September 1987 also voted to increase authorized capital by BEF 20 billion.

The company's accounts show a profit of BEF 4,318 million. This was due partly to the recurring result, which was up 6.2% toilowing a substantial increase in dividend income, and partly to writedowns on capital expenditure. Given the year's results, the Board asked the Annual General Meeting of 21 June 1988 to approve a net dividend of BEF 115 for ordinary "part de reserve" shares and BEF

143.65 for AFV shares. This new increase in the return on a considerably higher number of securities is in line with the Board of Directors' dividend policy.

The volume of investments was very high in 1987. Portfolio acquisitions amounted to BEF

cial services, telecommunications and media sectors.

19.9 billion, mainly in the finan-

This formed part of the company's strategy, defined in the

opportunities. One important development

FINANCIERE DE SUEZ.

annual accounts.

CLAL FINANCE N.Y.

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GADEK (MALAYSIA) BERHAD

(NCORPORATED IN MALAYSIA)

NOTICE IS HEREBY GEVEN THAT I final de

dend of 12 sen per share fess 40% Malaysia. income Tax has been declared in respect of rencial year ended 31,12.87 payable on 15th

July 1968 to shareholders registered at the

of business at 5.00 p.m. on 30th June.

By Order of the Boar

The Company's Annual report can be obtained from: Société Générale de Belgique - Generale Maatschappij van België Information Department - Rue Royale 30, B-1000 Brussels using the reply coupon below

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NOTICE TO HOLDERS OF WARRANTS

HOKKAI CAN CO., LTD.

3¼ per cent Guaranteed Bonds 1991 with Warrants ("1986 Warrant") and

5 per cent Guaranteed Bonds 1993 with Warrants ("1988 Warrant")

Pursuant to Clause 3 and 4 of the Instruments dated 30th October, 1986, and 2nd February, 1988 the following notice shall be given.

At the meeting of the Board of Directors of Hokkai Can Co., Ltd. (the "Contpany") held on 31st May, 1988, a resolution was adopted for the issue of new shares by way of free distribution, particulars of which are given below. Consequently the subscription prices of the captioned Warrants shall be adjusted, as specifically provided in paragraph 3 below.

1. The free distribution of new shares will be made to shareholders of record as of 30th June, 1988, Tokyo time, at a ratio of 0.13 for each one share held.

The free distribution shall be made on 19th August, 1988, but the dividends for these new shares will accrue as from 1st July, 1988, Tokyo

Pursuant to Condition 7 of the Warrants of both issues, the subscription prices will be adjusted (1) from Yen 682 to Yen 603.50 for 1986 Warrant and (2) from Yen 1,702 to Yen 1,506.20 for 1988 Warrant, respectively, per share of the Company's common stock. The new subscription prices will become effective on 1st July, 1988, which is immediately after the

Dated: 15th June, 1988

Mitsni Fluence Trust International, Limited as the Principal Paying Agent for 1986 Warrant The Mitsubishi Bank, Limited as the Principal Peying Agent for 1988 Warrant

on behalf of HOKKAJ CAN CO., LTD.

reinforcing its stakes in sector leaders, disposing of assets which do not form part of the group's medium-term plan and development

early 1980s, which consists in

was the acquisition by Societé Genérale of a stake in the stable shareholder base of three major French companies, following their privatization: HAVAS SA, CGE and COMPAGNIE

Finally, one year in advance, the company complied with the Royal Decree of 1 September 1986 and published its consolidated accounts for 1987 with the

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Murdoch reaches for the sky in tabloid TV

AT ABOUT midday today engineers of the European Space Agency will attempt to launch the first of the Ariane 4 rockets from their base just above the equator in French Guiana, north of Brazil. If they succeed then Rupert Murdoch has a good chance of making Crossus look like a pamper, and viewers who thempty them provided a migher who thempty them provided and the provided and th who thought there were already a lot of pop shows and old American series on their televisions may be supprised at how many more can be packed in when you really try. Moreover, the revolution in television's technical standards which some of us hoped was about to arrive with the dawning of the satellite age may well be postponed or even cancelled.

If the rocket fails (and the Ariane programme has had its failures) then the pre-emptive strike which Mr Mur-doch seemed to have contrived with last week's announcement of four new television channels, delivered free via

'All who see High Definition Television gasp at the beauty and the quality'

transponders on Luxembourg's Astra satellite to anyone willing to spend £199 on equipment to modify their existing TV set, will look much more doubtful Timetables will start to converge and the battle between Murdoch and his competitors – the BSB consortium (which includes Pearson's, owners of the PT) and Robert Maxwell - instead of being merely interesting, will

become fascinating.

Up to now all viewers have been pedestrians; earthbound because terrestrial broadcasting has been the only sort available. Satellites offered the prospect of acquiring a motor car: if you were willing to pay £300 and possi-bly considerably more for a receiving dish and converter and then either a regular subscription for whole channels or an ad hoc system of pay-per-view you could get something superior, and

free by every DIY enthusiast with a dish in the back garden. And to run encryption systems you need a higher technical signal standard than the PAL system we use at present; probably a new system called D-MAC.

The further advantage of D-MAC is that it enables you to provide "High Definition Television" (HDTV): pictures with the density, clarity and contrast of a professional Kodak print achieved via 1,25 lines, in place of the somewhat blurred pictures produced by today's 625 lines. All who see it gasp at the beauty and the quality; it is wonderful for movies, opera and sport. However, you would have to buy a new television set, probably with a wide-screen shape, in order to benefit from HDTV, and so far nobody has managed to make HDTV run successfully for very long off

Both Maxwell's and BSB's plans call for the D-MAC system, which would at least put HDTV, the limousine of televileast put HDTV, the limousine of televislow, on the horizon. The cunning of
the Murdoch plan is that as the pedestrians stand about wondering whether,
one day, they might he able to afford a
Bentley, with its high initial price and
perpetually high running costs, he
offers horse-buses for all: for the price
of a blanket to wrap round your knees
you can ride his buses in perpetuity for
nothing, because he will sell the space
on the sides to Carter's Little Liver
Pills.

In other words, Murdoch has (for the moment) turned his back on the high quality/high cost D-MAC system, which would presumably appeal initially to richer viewers and perhaps take a perilously long time to build a following, and decided to stick with the existing PAL system, to forget encryption, for-get subscription, finance the whole thing via commercials and offer all four



Rupert Murdoch: aiming for four new channels

channels for nothing to everybody willing to buy the £199 reception kit.

But even if it costs "only" £199 to start getting Direct Broadcasting by Satellite (DBS) and the little umbrellasize dishes become the latest status symbol on council estates (easier to flaunt than VCRs) there will clearly have to be some inducement in the

Sky has always relied heavily on the old American programme stockpile'

form of programmes before most viewers will fork out. So what is Murdoch

• First: His existing Sky channel, which for several years has been delivering general entertainment to millions of Europeans via low-power satellite and cable.

 Second: a movie channel. Third: a sports channel. · Fourth: a news and current affairs

On the face of it, that plan sounds as though it could be very attractive, but there are points to be made about each there are points to be made about each of those channels. Sky has always relied heavily on the old American stockpile: it has not been unusual for the six hours between 6.00pm and midnight to be filled by The Lucy Show, Green Acres, Charlie's Angels, A Country Practice, Wagon Train, US College Brothall and Manuscer Of Rock.

Football, and Monsters Of Rock.
We are told that when Murdoch goes onto the Astra bird. Sky will get a "massive injection" of money to improve its programmes, and that to give it an edge against BBC2 and C4 it will incorporate six hours of arts pro-grammes a day. Given the flabbiness of the current schedule it will need a mas-

the current schedule it will need a massive injection, and if last Sunday is a typical example we can expect those arts programmes to start at midnight.

Murdoch has some access to movies via his own 20th Century Fox studio and its library, and he can buy more. A well-run movie channel would certainly be a draw. However, we may have to grow used to the idea of the same film being shown seven, or 14, or even 21 times a week, interspersed with a few others shown in the same way. Nobody can run a perpetually changing movie channel: there are not enough movies.

The sports channel is, at present, the most problematic of all, with a lot of in-fighting already occurring between sports bodies, sponsors, and European broadcasters, and it would be a surprise if Murdoch's channel were not domi-nated at least initially by hasketball, American football, wrestling and other

American events. The biggest draw for up-market viewers could be the news and current affairs channel. Ted Turner's American 24-hour news channel, CNN, now reaches a considerable global audience (even if it does still lose money) and Murdoch has the multinational infrastructure to supply raw news for a similar operation. The Times already feeds

properly, and do it well, will cost a fortune.

Moreover, it is difficult to believe that Murdoch will pitch that channel, or any of the others, at FT readers, or even Times readers. Just as he realised in 1969 that there was a space for the Sin down-market of the Mirror, so he was the procedure of the Mirror, so he must have realised by now that while British broadcasters are outstanding at "broadsheet" television, and very keen on it, they are much less adept at "tab-

loid" television.

It has frequently been pointed out in It has frequently been pointed out in this column that virtually all British television news and current affairs is middlebrow, and it would be odd if Murdoch did not go for the resultant gap like a dog after a rabbit. Significantly, terrestrial television is already beginning to gear up for the challenge: the recent expansions into breakfast and daytime television have produced

We are beginning to see an increase in deliberately populist programmes'

far more tabloid programming than the traditional prestige areas of the even-ing, and in addition to the few existing tabloid series - That's Life (tabloid television at Its best) and the local news opt-outs, for instance - we are

beginning to see a definite increase in deliberately populist programmes.

Derek Jameson's People, Channel 4's, Network 7, BBC2's DEF II, London Weekend's proposed Family Affairs, with people exhibiting their emotional crises on screen, are all pitched at the sort of audience that reads tabloid newspapers.

If he is to support four "free" channels on advertising revenue then Mur-doch is going to need a mass audience, and he will not get that by copying Talking Heads and The South Bank



Joseph O'Conor as Caesar and Roger Allam as Brutus in the Royal Shakespeare Company's revival of Julius Caesar. Terry Hands's production opened at the Barbi-can Theatre in London last night and will be reviewed

on this page tomorrow. Lupu/Elizabeth Hall

Andrew Clements

dition of Schubert seemed to be recital in the shape of two one of the points of Radu Lupu's Impromptus from Schubert's Sunday evening recital. He made D.335 set and the Wanderer Funhis task easier by beginning his tasy, proved something of a surprogramme with Haydn's F prise. The marvellously supple. minor Variations, which carries a inherently lyrical sound that had Neapolitan inflection in its theme carried the Haydn was unactivated unambiguously looks for countably thickened and in some ward to Schubert's expressive respects coarsened, and the fasworld. The sequence of variations tidious control of rbythm was

Making Haydn aspire to the con- arrivved in the second half of the word. The sequence of variations indices control of toylum was proceeded to sustain that simulation, consistently favouring of a grander, more dramatic ripely expressive effects and a effect. The style lay uneasily warm-toned palette of colours: upon the two impromptus (the B late Haydn could hardly be proj. flat major variations and the first ected into the 18th century more in F minor), more confidently on

ected into the 19th century more unambiguously or effectively than this.

A pair of sonatas from Haydn's Op.30 offered Lupu less scope for such explorations. The outer movements of the D major were dashing, extrovert affairs, the slow movement suddenly unconvincing, casting about for its point of balance. Predictably he responded more intensely to the Starm und Drang world of the C minor, and found in its Andante particularly the kinds of expression.

Many of its effects were superbly realised, and moments such as the transition between the first two sections were powered with great theatricality. It was an uncompromising assault, one that consciously omitted some important details — the flipping of the slow section was only sketched — and memorable as that. But a performance by Lupu which exhibited particularly the kinds of expressive tendencies he had exploited the intensely musical concern he so fruitfully in the Variations, had lavisbed on the early parts of his recital would have been just

The real thing, when it as valid.

Ry Cooder/Wembley Arena

Autony Thorncroft

There was even a brief flirtation wonder of Cooder.

With early jazz.

But Wembley is not kind to with early jazz.

worked up about was smoking, can be. Serious and fun - its the For the rest the preponderance of ultimate accolade.

Oh, the penalties of success. For serious young men in the audimany years Ry Cooder was the ence could take or leave this focus for a select cult and could overflow of sound as casually as keep his British fans happy by they wished. The band did, wan-performing in such relatively dering off stage at will as Cooder intimate surroundings as the switched from blues like How can Hammersmith Odeon. Not quite a poor man stand such times as the local Texan honky tonk or this (Cooder titles say it all), to a Louisiana blues bar, which is the buttoned down version of All ideal setting for his roots music, shook up to the countrylied

but bearable.

Now he is hig, big enough to pack out Wembley for two nights, which is good for him, not so good for us. Cooder is a propagandist for the popular music of the southern states. He is not big otted - his passions have embraced the blnes, gospel, rock, country, cajun music, and Latin. There was even a brief flirtation shock up to the countryfied Crossing the borderline.

Ry Cooder played some wonderful slide guitar and in songs like Every woman I know is cruzy bottl an automobile lifted the audience into a frenzy of clapping conviviality while keeping alive a southern blues treating music, and Latin. There was even a brief flirtation

His concerts unfold randomly for almost three hours without an interval and by the end you have had a crash course in the folksy music that has nourished pop while rigorously excluding anything as banal as a commercial hit. It is the happiest kind of lecture, even at Wembley, which stretched Cooder's low key, head down approach to the limit. laid back, super cool, guitarists, About the only thing he got ciate just how much fun Cooder

Saleroom/Antony Thorncroft

ments, mainly in the area of Staton Description of the Maharabhata (Ginza Salson Thear 1900).

The Maharabhata (Ginza Salson Thear 1900). The great indian epic, dramatic ised by Jean-Claude Carrière and staged (in English) by Peter Brook and his international troupe of actors from Paris. In three parts, performed either on successive evenings or on a single day. Pull of enthralling images of earth, fire and water, but not without its longueum, especially in the final part. Ends July 27. (850 5655).

Handet (Dai-2 Factory). This studies production by Japan's most ionors in the final part. Ends July 27. (850 5655).

Handet (Dai-2 Factory). This studies production by Japan's most ionors in the final part can live director, Yukio Ninagawa, makes use of two translations, one old and one new, but Ninagawa, it is directed wited one to use - and when. The istrong visual concept for this image. I left it up to his actors to decide which one to use - and when. The sisting production derives from Japan's Doll Festival. Hamlet is layed by the popular TV actor, ken Watennabe. Ends June 28.

Race Play (Awara Hall). Devised by Rochet Wilson, the master of performence orded "Royal Dertrait" charager of around 1690 was also unsold, at 119,000.

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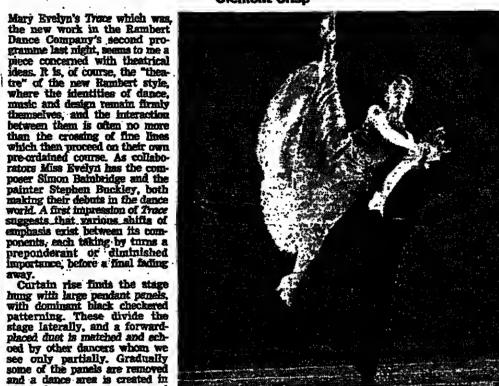
ments, malnly in the area of Staffordshire alipware producted around 1700.

At the top price level this is a specialist market with only three main recitement in the main excitement in the main exc

chancing its arm in offering two ing" by Henry Scott Tuke was examples. One sold for £80,500, bought in at £17,000. In cor rast near the top of its estimate: the another Harold Harvey, "A test

Trace/Sadler's Wells

Clement Crisp



Alexandra Dyer and Mark Baldwin of Ballet Rambert

tensions of the work emerge from the isolation of the dance, the varying effects to be gained from astate changes of lighting, and the emotional vivacity of Simon Bainbridge's score. This had begun with electronic sound, but is soon entrusted to the music is soon entrusted to the music soon entrusted to the music soon entrusted to the dance has shot into the under Roger Heaton, who deal admirably with writing that has a constant edge of drams to it the music seems at times to prothe music seems at times to progone, the music is thin, the stage Gineers.

in Rhapsody in Blue pose situations that the dance is lit by two working lamps and

Dr Angelus/Glasgow Citizens'

Michael Coveney

If there is one person to whom one of his most talkative pieces the Sottish theatre owes a permatery nent vote of thanks it is James at the Edinburgh Lyceum later Bridie (1888-1951), a part-time this month), but it is much more painter, editor and consultant serious a medical play than physician who wrote over 40 Shaw's The Doctor's Dilemma, it largest properties and serious as medical play than a Fenella Fielding pure, and Celia Imrie's pirouetting, stiffly libidi-

heroine, a famous role for Edith (he is in thrall to the sluttish Evans and, more recently on tele-maid). signed to oblivion.

full-scale rehabilitation is on the open and the interrogation is scored one of his biggest succards, but the Citizens' reveal Dr shared among ell the other charces in it.

Angelus (1947) to be a compelling acters floating through.

The diagnosis of gastric tuberact and shared among the play's Theatre.

plays and founded the Citizens' is based on the notorious Glaswe-Theatre in Glasgow in 1943. The gian case of Dr Pritchard, who present theatre in the Gorbals, murdered his mother in law and

vision, Joan Plowright, remains
It is a notably well structured ald short-circuits many of the popular. Perth Repertory has a play, hingeing on a central dream play's finest speeches, including, revival later this year. But the sequence in which the conscience of uccessity, the jocular hymn to rest, endemic to the first stirrings of Angelus's new young partner, baldness. He is a seedy old reproof a Scottish national theatre and Dr Johnson, is set alight after the bate from the off, tart and chillthe careers of such distinguished signing of a death certificate. ing alright, but resolutely artists as Alastair Sim, Duncan Stewart Laing's cramped, realisopposed to any hint of eccentric Macrae, Molly Urquhart and tic consulting room — the use of ity that might crumble, as it Flora Robson, seems half cononly half the proscenium's avails should, into trembling, infantile signed to oblivion.

able width is a fine statement of madness. The part was tail am not convinced that domestic restriction – splits lor-made for Alastair Sim, who

Angens (1947) to be a companing accers meaning involuding.

At the end, Dikran Tulaine's culosis and syncope is a false partinent discussion of ethics in powerfully earnest young doctor trail for two murders by antimothe medical profession. This eledeparts in a magical, mystical nial poisoning. The playing does ment is underlined in Giles Have echo of that scene and I fancy, of not highlight the rather subment is underlined in Giles Havecho of that scene and I fancy, of ergal's production by the opening Priestley's Johnson Over Jordan, recital of the Hippocratic cath, a which play was in the first seaspeech dislodged from the second son at the renovated Princess

Otherwise, this is an unusually

Robert David MacDonald seems to have modelled his Cyril

the Citizens' home in 1945.

Bridie's fame has dwindled rapdouble bind on Angelus of Victorially since his death, though rian marital repression (he is brongly written dipsomanian by written dipsomanian between a famous rule for Edit (he is in threal to the shutter).

Bridie's fame has dwindled rapdouble bind on Angelus of Victorially's Casebook, a television series that comes to mind more than ouce, and not always happily, during the course of the evening. In a plum dinner jacket and flowing white mane, Mr MacDon-

merged motivation, but it does fully convey a sense of callons ghoulishness. And local laughter was rich and fulsome at the idea of Angelus's oddness deriving Bridie was often dubbed the naturalistic Citizens' production, from his having taken a degree in "Scottish Shaw." This may not be with acting styles varying from Edinburgh.

BBC Radio Show at Earl's Court

The show will blend an exhibition, The Story of zens and children under 15).

BBC Enterprises is organising what it describes as a "spectacular £1m BBC radio show" at Earl's programmes, many to be broadcast live from Court in London from September 30 until October 50 to mark the 21st birthday of Radio 1, local radio and the new-style network Radios 2, 3 and 4. Chart will blend on arthitition The Story of Story

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which the movement grows and develops. The cast of six are in dull, greenish leotards, and much

of their movement has a dutiful, school-of-Alston feel to it. The

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FINANCIAL TIMES

Arts Guide

THEATRE

LONDON

Cat on a Bot Tin Roof (Lyttelton), Ian Charleson and Lindsay Duncen lead this white hot National Theatre revival of Temessee Williams's play directed by Howard Davies. Eric Porter, sheem from the stage for 13 carected by Howard Davies. Eric Porter, absent from the stage for 12 years, is an electrifying Big Daddy. (928 2252) The Common Pursuit (Phoenix). Sec-ond London chance for flawed Simon Gray coincity about Cam-bridge graduates in love and pub-liabing. Author directs good various

bridge graduates in love and publishing. Author directs good young cast including Bik Mayall and Stephen Fry. (836 2294, credit eard bookings 240 9681).

Easy Virtue (Garrick). Transfer of the King's Head revival of early Noel Coward; same period but lesser vinings than Hay Fever, but worth seeing. (379 5107).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgacs and Hammerstein musical, with Gemma Craven failing to wash the business Earlie Belcourt out of her hair.

The Phanton of the Overa (Her Mai-

her hair.
The Planton of the Opera (Her Waj-esty's). Spectacular, emotionally nourishing musical by Andrew Lloyd Webber. (839 2244, credit cards

Lidy wester. (202 224, Crean carus 379 6131/240 7200). Foilies (Shaftesbury). Stunning revival, directed by Miks Ockrent and designed by Maria Hormson, of Sondheim's 1971 musical in which Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a document theatre. (379 5889). Back with a Vengeance (Strand). Barry Humphries, indisputably the outstanding vandevillian of the age, has extended his triumphant London season to July 9. Dame Edna Everage has now earned full immunity to good taste, while the bibotons diplomat. Sir Les Patterson touches new beights of degradation. (586 2850/4145).

Bapgood (Aldwych). New Tum Stoppard unixes espicaage, romance and higher physics in a splendidly mut and clever entertainment. Felicity Rendal is the eponymous intelligence agant, Roger Rece and Migel Hawthorue in elegant support. Double meanings and double identities abound. (836 6404, credit cards 379 8228).

NEW YORK

Fences (46th Street). August Wilson hits a home-run, this year's Pulitzer Prise, with a powerful tale of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221 1911). Cats (Winter Garden). Still a sell-out, Trevor Num's production of T.S. Eliot's children's poetry set to trendy music is visually starting and chorsographically feline. (239 6263).

and choreographically feline. (239 6262).

A Chorus Line (Simbert). The longest running musical ever in US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson, repeating his west End role as Jean Valtern, the magnificent spectacle of Vistor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict afherence to its original source, (239 6200).

adherence to its original source, (239 6300).

Stritight Express (Gershwin). Those who saw the original at the Victoria in London will burely recognise its transatiantic incarnation. The staters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American stenery to distract from the hackneyed pop music and trumped-up, silly plot. (686 6310).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pyg-malion, this is no classic, with for-gettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lify Tomlin repeats her award winning solo performance of the crazy people who inhabit her funny and strange imagination. One major segment explores the women's movement over the past decade. Ends June 26, (254 3670).

CHICAGO

Pai Joey (Goodman). Set in Chicago in the 1940s, this Rodgers and Hart classic, directed by Robert Falls, fol-lows in haunting melodies the esca-pades of a classic heel caught between the one who loves him and the rich lady he wants, Ends Ang 7,

TOKYO

Kabuki (Kabuki-za). Kabuki-za is cele-brating its 100th enniversary in 1888, presenting both perennial favourities and new works with leading actors throughout the year. Excellent English earphone com-mentary. Ends Jun 27. (541 3131). mentary. Come dun 21, (841 2131).

Operate no Railin (better known as

The Phantom of the Opera) plays at
the Nissei Theatre. The fact that
Andrew Lloyd Webber's affectionate
tribute to Victorian melodrama is
getting a Tokyo production so soon after London and New York is more a tribute to the mighty yen than to Tokyo's theatrical and musical pre-eminence. However, Japan's leading musical company. Shiki, acquits

itself well in what is a virtual car-bon-copy of the London original. The Japanese translation is often awkward but Lloyd Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stun-ning sets and costumes make for an

June 10-16

NETHERLANDS

The International Ceramics Fair, dog in the successful group.

which closed on Monday at the Dorchester, seems to have been a cesses. The London dealer Alissuccess but it also seems to tair Sampson paid £28,600, below exhausted the pockets of dealers estimate, for an unrecorded and collectors of porcelain and pottery. Sotheby's major auction yesterday had its disappoint and £18,700, above estimate, for a ments, mainly in the area of \$taffordshire slipware produced around 1700.

Southwark Delftware fluted armoral charger of around 1650 pair of London Delftware "Bleu persan" small jardinieres of the late 17th century.

Amsterdam, Stadsschowburg. The English speaking Theatre of Amsterdam continues its tenth anniversary summer season with Beyond Silence, a multi-faceted exploration of the temale imagination.

Examples. One sold for £50,500, another Harold Harvey, "A test other was bought in at £34,000 of strength," a typical Newlyn School picture of children enjoyers of the female imagination.

FINANCIAL TIMES

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Wednesday June 15 1988

Fixation on US trade

are fixated by the monthly fignary one of the past six months. ures on US trade. Every small One indication is the profitability hilp in the chart is greeted with a of manufacturing. Seasonally degree of euphoria or despair quite out of keeping with the quality of the information. The figures released yesterday mean the patient should take heart, for there is a definite improvement in his condition. Unfortunately,

about something else.
Only last week the Department Only last week the Department of Commerce decided to release seasonally adjusted figures for US exports and imports going back to the beginning of 1986. In the process, a considerable part of what had seemed to be the wonderful improvement in March

was adjusted away. What the Commerce Department took away, the US economy has now given hack. The announcement of a seasonally adjusted deficit in April of \$9.9bn is welcome, being well below the consensus of expectations, which was for a deficit of some \$12bn. Yet the surprise is that the market has been surprised, since the figures for April are on the trend of the previous six months. The improvement reflects the remarkable strength of exports, which have been growing at an annual-ised rate of 43 per cent since

Assumptions

where things will now go. The trade halance is a residual between two large numbers which are, at the moment, grow-ing at very different rates. It fol-lows that the outcome projected on relatively modest differences in assumptions about the underlying rates of growth of exports

and imports.
In the first four months of 1988, the trade deficit has been provisionally estimated at \$47.3bn on a seasonally adjusted basis. This is down on the \$55.3bn recorded for the corresponding period of last year, hut is still pretty substan-tial. If April's figure were to con-tinue for the balance of the year, the deficit would be \$126bn. If, by contrast, the last half year's trends for exports and imports were to continue, the trade defi-cit would disappear entirely risks taken earlier in the 1980s within a matter of just two years.

There are good reasons for by the occasional sharp relapse.

LIKE convalescents watching the believing that export growth can thermometer, both financial marhe maintained at a relatively kets and economic policy-makers rapid rate, if not at the extraord adjusted after-tax profits averaged 6.3 per cent of sales in the first quarter of 1988, up from 4.7 per cent in the final quarter of last year. Improved profitability is driving a major expansion of investment, which promises a he also needs to start worrying further increase in exports and reduction of imports in future.

Elasticities

The trade elasticities may turn out to be larger than expected in the long term, just as they turned out to be smaller than expected in the short term. If so, attention must turn to the domestic macroeconomic halance. In its latest Economic Outlook, the OECD expected the change in net US exports to cause an increase in demand during 1988 equivalent to % of a per cent of GNP. But this forecast was made with the volume of exports of goods and services growing at an annualised rate of 15% per cent, which may turn out to be an underestimate of what will happen.

The more optimistic ona is about the trade balance, the more concerned one should become about inflation. The Bank for international Settlements was perfectly correct, therefore, in adding its plaintive voice this The difficulty is in knowing further fiscal adjustment. It is more likely, however, that the private sector will make the adjustment instead. There has already been an increase in the household saving rate following Black Monday. If the worst comes to the worst, experience suggests that an increase in infla-tion is itself an effective way of increasing the rate of private

savings.
Without uncertainty and something concrete to worry about as well financial markets would be deprived of much of the turbulence on which they thrive. For-tunately, the prospects for the trade balance continue to be quite uncertain and worries about inflation are likely to replace those about trade. The combination should be quite enough to ensure that recovery

South Africa and the ANC

IT IS TIME to start thinking tain of its support within the straight about South Africa. in republic, hut, leaving aside Chief London at the weekend a pop concert was held to celebrate the the main focus of black political 70th hirthday of the jailed nationalist leader Mr Nelson Mandela. It was broadcast by the BBC and relayed to some 60 countries. This upset both the South Afri-can Government and some backbenchers in Britain's Conservative Party: they maintain that the African National Coogress, of which Mr Mandela is the leader, is a "terrorist organisation" whose representatives should be

Across the Atlantic the oppo-site has taken place. Party advis-ers working for the Democratic candidate for President of the United States, Mr Michael Dukakis, have agreed to brand the South African Government with the label "terrorist," in def-erence to Mr Jesse Jackson, whose command of the black vote is location year.

this election year.

The label "terrorist" is not helpful in either case. On the Jackson side of the argument it is pointed out that a great many unarmed civilians and demon-strators have been shot dead by the South African police and security forces. Until recently this was seen to happen in televi-sion news reports. It is one thing to condemn such actions, but quite another to place the South African Government, which commands the strongest economy and the strongest military force in Africa, outside the range of normal diplomatic pressures. If Mr Dukakis hecomes President he will be better placed to influence events in southern Africa if he maintains a working relationship with Pretoria.

Casualties

South Africa. Its bombs cannot attacks on the African national be guaranteed to distinguish ists) which sends out the incor-

between victims. Again, it is one thing to con-demn such actions, but quite another to misread the signifi- Britain's Conservative Governcance of the ANC. Formed in 1912, it is the oldest nationalist be entering a period in which the organisation in Sonth Africa. In the absence of a free black frandetermination to bring pressures chise it is not possible to be cer- to bear against it.

aspirations.

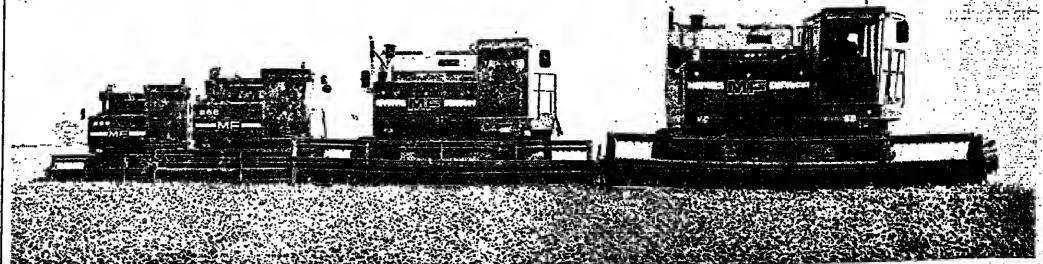
It embraced Gandhian non-vio-lence for half-a-century, without making headway. For two further decades it confined its limpet mines to power pylons and other installations well away from people, again to no avail. Its move into its present violent stance has marched in step with an increase in violent and repressive measures taken by the South any Western government whose long-range objective is a peaceful settlement in the republic must do business with the ANC lead-

Reappraisal

If Mr Dukakis wins in November, this will be well understood by the new administration. In that event, the British approach reappraised. Legislation on economic sanctions now before Congress is far atronger than 10 Downing Street would like; a Democratic President would method by the Paris bourse. to Sonth Africa would have to be probably support its implementation, which might result in action against British exports. Mr Dukakis would probably support further United Nations action against apartheld (against a Brit-ish veto?) and mount a major diplomatic offensive against Pretoria. This line would command support in the Commonwealth and the European Community, Bonn perhaps excluded.

Britain would be best placed if it enhanced its current policy of giving practical support to the hlack-ruled "front-line" states On the Tory right side of the black-ruled "front-line" states argument, it is pointed out that that ring South Africa. It would the ANC has not shrunk from also be sensible to step back from inflicting civilian casualties in a platform (trade missions, rect signal that it is really rather sympathetic to Pretoria. For while there is no question that ment opposes apartheid, we could be entering a period in which the

Bridget Bloom looks at the slow progress of talks to free agricultural trade and the dangers of a trade war



farmer, a sober . . . law-abiding rugged individualist, who held that federal aid to anyone but farmers was creeping socialism . . . His speciality was alfalfa, and he made a good thing of not agult, dat he make a good itting of not growing any. The Government paid him well for every bushel of alfalfa he did not grow, the more money the Government gave him, and he spent every penny he didn't earn on new land to increase the amount of alfalfa he did not produce." of alfalfa he did not produce."

IT IS 25 YEARS since Joseph Heller wrote Catch 22 and the quotation refers to a pre-war era. But Mr Major's topsyturvy farming world is not a thing of

the past.
Joe Hottel, a farmer from Virginia who normally plants a mix of crops on his 5,000 acres, is only one of thousands of US farmers preparing to receive gov-ernment cheques this summer for crops they did not produce: he reckons he will get \$82,000 (£45,000) for not planting maize on a fifth of his farm.

Next aummer it will he Europe's turn, since for the first time each member state of the European Community (EC) is preparing to pay compensation to farmers who leave idle at least 20 per cent of their arehle land. The first national scheme to be announced was detailed yesterday by Mr John MacGregor, Britain's Agriculture Minister.

Such "set-aside" schemes, devised as a means of cutting back grain moun-tains, are only one of the absurdities of the rich world's agricultural policies. Through tariff and non-tariff barriers, domestic and export subsidies and publicly funded stocks, the world's rich countries, with the EC nations and the US in the lead, have spawned a system which their transfer of the start from the system. which their treasuries find increasingly hard to finance. Between 1979-81 and 1984-86 the over-

Between 1979-81 and 1984-86 the over-all costs of support to the agricultural industries of countries in the Organisa-tion for Economic Co-operation and Development (OECD) doubled to about Ecu 200bn a year (£132bn at current exchange rates). That sum is 250 per cent higher than the same governments' aid to developing countries.

Agricultural protectionism is increas-ingly recognised as having a seriously distorting effect on world trade and a potentially devastating impact on developing states. One recent study estimates that if such farm support were abolished, developing countries would be \$26bn better off: most would benefit from higher world prices for their agricultural exports. The more efficient use of resources which liberal-isation would bring would lead to better opportunities for trade and hence

enhanced income.

The same study estimates that both the US deficit and its balance of payments would improve by as much as \$40bn each, and the EC could create over a million new jobs in industry.
Yet the disturbing fact is that, while the EC and the US pay lip service to agricultural reform, they are today Stuck in the mud on farm reform

many believe, could lead to a bitter trade war. in the past few months, academics and politicians alike have warned that failure to reform agricul-ture could threaten the General Agreement on Tariffs and Trade (Gatt) – which is now accepted for the first time as the arena for international farm

reform negotiations.

In an effort to galvanise these talks, Mrs Thatcher, the British Prime Minister and a devoted proponent of freer farm trade, is said to be planning to make agriculture a major issue at this weekend's economic snmmit in Toronto. But few observers rate highly her chances of hreaking the logism for both fundamental and tactical reasons.

The Gatt talks hegan quite well, given that the 96-member hody has barely tackled agriculture before. The hreakthrough came in September 1986, at a meeting in Punte del Este. Uru-guay. There, the participants not only agreed that Gatt should negotiate farm reform but that tackling domestic subsidies, which had led to the creation of surpluses in the rich world and the consequent flooding of suhsidised exports on to increasingly depressed world markets, was the key to a sensi-ble ordering of agricultural trade. For much of last year, momentum in

the subsequent negotiations in Geneva was maintained as each of the major trading countries, or groups, submitted outline proposals. However, the gulf revealed hetween the US proposals, submitted last July, and those of the EC, submitted in the autumn, has stymied progress since. Such movement as there has been has seen these two apparently hurrowing from opposite ends of a tunnel with no indication that they will meet in the middle.

The most obvious difference between

Washington and Brussels is that while the US has proposed the complete aboli-tion of all trade and production related subsidies within 10 years, the EC thinks this is unrealistic and unwise. The European Commission, which negotiates on behalf of the 12 member

states, rules out the abolition of the two-tier price system under which it pays its farmers higher prices than those pertaining on world markets. The Community's 11m farmers cannot be left defenceless against currency fluctu-ations and other unpredictable changes, its officials argue. The EC has said it favours a phased reduction in subsidies. But it has not said by when,

From this central difference flow others, such as, for example, the US insistence, not always welcomed by the EC, that non-tariff barriers such as health regulations must be included.

Currently, the keenest dispute centres on the EC's insistence on short-term measures which would halt the most harmful effects of the "subsidy war." In a paper to the expert negotiating group in Geneva last week-end, the EC called for a freeze on subsidies at 1984 levels on cereals, rice, sugar, oilseeds, dairy products and

It would also like minimum export prices agreed for these commodities, which would make competition with US products, currently favoured by the weak dollar, less costly. The US retort

Mrs Thatcher's chances of breaking the logjam at this weekend's economic summit in Toronto are not rated highly

to this has so far been that short-term asures can be at best a palliative. Until the EC commits itself to the long-term goal of reform, say US officials, Washington will not agree to short-term measures.

Over the past few weeks, the public slanging match has become more strident. Last week, following EC criticism of a decision to decrease the amount of aside this year, Mr Richard Lyng, the US Agriculture Secretary, spoke of his "deep disappointment" at the EC's fail-ure to understand the US position. He called the EC's own set-aside scheme "pipsqueak".

Last month, in a onthurst that shocked his largely expert European audience, Mr Daniel Amstutz, the US special envoy for agricultural trade and development, challenged the EC to come to terms with the "feudalism" of its agricultural policies and warned of "serious damage to western cohesion" if it did not.

Quite as important, since it could deteriorate into a trade war, is the current argument over soybean exports.
The US Administration is taking up cudgels within Gatt on behalf of the American Soybean Association's complaint that subsidised EC exports have caused a loss of some \$1.4bn in US
sales. In retaliation, the EC is querying
with Gatt long-standing US restrictions
on imports of sugar and dairy products.
Neither in Washington nor in Brussels do these firmly held positions show

much sign of weakening. In Geneva efforts of the most important third group in the negotiations, the "Cairns group" of 13 food-exporting countries, have so far failed to produce proposals which could enable them to act as honest broker. Led by Australia, the group favours ultimate abolition of trade-dis-torting subsidies, but is striving to refine its proposals for interim mea-

Nearly two years into the Uruguay round negotiations, therefore, the most critical question is whether the differ-ences between the US and the EC are so profound as to jeopardise the farm talks – and possibly even the whole Uruguay Round, since agriculture is such a vital element in it. Or are the differences merely evidence of tactical manoeuvring during very complex negotiations?

the lack of progress is tactical. Top of the list is the imminent US presidential election: despite the protestations of Mr Lyng, Mr Amstutz and Mr Clayton Yeutter, the US Trade Representative, that the Republican Administration has bi-partisan support for its so called "zero option" on farm subsidies, there are suspicions in Europe thet a Democratic President could well prove more protectionist. Even if Vice President George Bush were elected in November, his Adminstration would be likely to field a new team in Geneva, after which negotiations could begin in earnest.
Second, it may be argued that EC

officials and politicians are currently in no mood to contemplate a more thorough review of their farm policies, if only because over the last year they have been preoccupied with the achievement of what they see as major reforms to the common agricultural

policy (CAP).

These involve "stabilisers" for each

occupy the next few months. Third, both the US and the EC are waiting to see whether the Cairns group will be able to find a compromise between the US insistence on long-term commitments and the EC's short-term approach in the proposals it is the first the commitments. approach in the proposals it is due to table next month in Gatt. Trade Ministers will meet informally in Pakistan in September to prepare for the mid-term review of the Uruguay Round in Mon-

of the main commodities, under which production ceilings will trigger cuts in payments to farmers. This week, EC agriculture ministers are hatiling in Luxembourg to fix farm gate prices for this season. The next Intra-Community battle, on how far the EC should go in offering production-neutral direct aid to farmers (which could be a vital part of a final Gatt settlement) is likely to occupy the pext few months.

treal in December.

Against the tactical arguments, however, must be set two critical political factors. First, while the EC refuses to spell out the areas in which the property of the class it. spell out the areas in which it might eventually compromise, it is clear it will not endorse the complete abolition of subsidies even as a long-term aim. This is principally because of divisions with the EC, highlighted by last February's Heads of Government summit, over the ultimate goal of its own farm policy. Britain wants tougher reforms; France is divided over the advantages its cereal exporters would have on liberalised world markets and the harm liberalisation might do to the farming vote; West Germany, despite its big manufacturing sector, is in favour of

hashnatching sector, is in favour to the status quo.

By its own lights, the EC has moved a fair way to curb the excesses of the CAP (and is miffed at Washington's lack of recognition of the "sacrifices").

But the CAP has become as much a social as an economic policy over the last 20 years and powerful political and vested farm interests want it to remain. The central problem for farm reformers is that for the time being the political power of the conservative farm and

associated industry lobbies is not

associated industry lobbies is not counter-balanced by popular demand for change. There is little real appreciation of the high costs of farm support among EC voters and consumers.

So where does this leave the Gatt talks? It may not be necessary at this stage to take too seriously the direct warnings of disaster which emanate from Washington, which, for example, hold out the prospect of a much more protectionist US Farm Bill for 1990-95 if there is no progress in Geneva. Negotithere is no progress in Geneva. Negoti-ations on the bill will probably not begin in earnest for 18 months, which would certainly give enough time for honest broking in Geneva and the achievement of enough progress to fend off the worst battles of the threatening trade wars.

But until there is a sea change in political attitudes towards farm reform

within Europe, the outlook for any more radical solution to the absurdities of the world's farm policies looks very

New look at the Bourse

After a strong performance as architect of the reform of the French stock exchange and defender of stockbrokers' interests, Xavier Dupont has badly muffed his exit line. His resignation yesterday

African authorities. Its terrorist acts may be relatively few in number, but they should not be condoned by its apologists. Yet any Western government whose any Western government whose any wastern government wastern government whose any wastern government government wastern government wastern government wastern government wastern government g morning from the chairmanship members a FFr500m hole in the exchange'a reserve funds.

Already the succession is

aronsing controveray. Banks which have hought stakes in Paris brokers are irritated that the new chairman, Regis Rous-selle, comes from the hroking community, which they see as the old hrigade, and not from among the banks. The 40-year-old Rousselle heads

the Paris bourse.

The same criticism cannot be levelled at either Gérard de is Martinière, who takes over as chief executive of the stock exchange, or Gerard Pfauwadel, the senior Treasury official who is likely to replace de la Martinière at the head of the Matif financial futures exchange. Both are knowledgeable about finan-cial markets and committed to internationalisation.

Their twin appointments may reinforce the hold over the Paris financial markets of the finance ministry, which has led the reforms. But the ministry will have to tread delicately. It was informed of the stock exchange reserve fund's trading losses in December, and some brokers are angry about the six months cover

Parkinson in red

OBSERVER

visit to Peking noting that China's economic reforms are thinly-disguised Thatcherism.

"There was not one meeting at which Thatcher was not men-tioned," he said. Moreover, the name was always used in the most favourable context, with Chinese officals making clear that they think her policies are right, he went on.
Some Chinese students have

begun to notice the similarities between Dengism and Thatcherism as well. In recent days postera around Peking University have protested at the lack of com-passion for tha poor in the reforms and have been demand-ing that the wealth of some Chinese enterprises should he curbed by higher taxes. Still, the Thatcherites seemed

in command, even though many Chinese tend to confuse Thatcher with the Queen. At one meeting Parkinson turned up in a red tie, hut all the Chinese officials wore hlue. There might be a market in Peking, he said, for the collected works of Margaret Thatcher along the lines of those of Mao

Unfair to Wright

Sir Patrick Wright, Permanent Under-Secretary at the British Foreign Office, says that the Japanese have some difficulty in translating his title. He told a hunch for visiting Nigerians yes-terday that translated back into English, tha Japanese version comes out as "immortal typist".

Subroto's return

Over the past year and a half Opec has had difficulty in agreeing on almost anything. Yesterday, however, ministers were united in the choice of the Indonesian Dr. Subroto as the new Secretary-General.

Energy Secretary, has completed gix and a half years because no public servant and professor. He doesn't go on as long as that."



"His door's always open."

unanimous decision could he obtained on a successor to the last incumbent, Dr Nan Nguema of Gabon, who was criticised for his long absences in Paris.

In case of failure to reach connsus on the appointment, the Opec statute says a "rotational basis" should be followed. The trouble was that the nationals of all member states have held the office and the first one was an Iranian in the early 1960s. The Arab states, who form the majority in Opec, refused to let the Iranians have it again.

An acceptable choice for most

embers was Dr Alerio Parra, a Cambridge-educated economist and a director of Petroleos de Venezuela. But Sandi Arabia wanted its own candidate and would not go along.

In the end, Riwainn Lukman, the Nigerian Minister of Oil, threatened to give up the Opec presidency unless Subroto was appointed, so consensus was

Subroto is a brilliant tennis player who was at Stanford and lireland played Bulgaria in Sofia. Harvard. He began his career as an army officer, then did a doctrinal dissertation on Indonesia's assumed that it was the Bulgar-

was his country's Minister of Mining and Energy until early this year. If anyone can put Opec together, he can.

Buried in sand

Andrew Ross believes he can provide a fair representation of the Australian outback with 40 tons of builders sand deposited at the Riverside Studios, Hammersmith, yesterday for a forthcoming production.

ing production.
The sand, arranged with a few pools of water and three "live camp fires in two studios, will provide the stage — more accurately two stages — for No Sugar hy Aboriginal playwright Jack Davies.

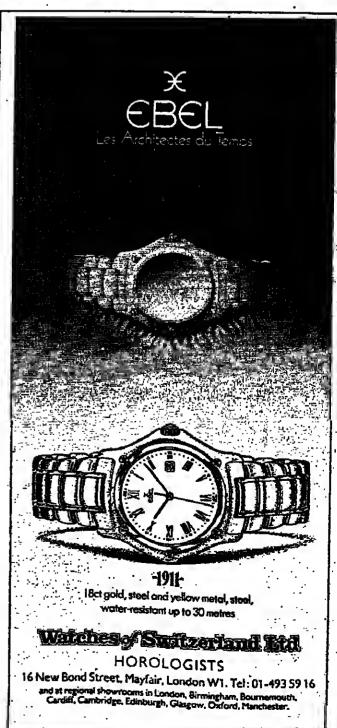
Ross, directing the play, says it is one of a new crop of Australian dramas "re-writing the history books" about the treatment of the Aborigines. Set in the early 1930s, it charts the uprooting of a family and their re-settlement in a camp 150 miles away. In keeping with the spirit of the play the audience is required to get np and move with the action as the family goes to the studio next door

For the actors it is a novel set ting. "We have never performed in a theatre before," said Ross, Previous productions were held in a 19th Century malt storage warehouse in Perth, two ice-hockey stadiums in Canada, and in the upstairs and downstairs halls of Fitzroy Town Hall The play runs from 16 June to 2 July.

No Irish in him

■ Jack Charlton, the English manager of the Ireland football team, has become a hero in the Republic since the victory over England in the European Cup on Sunday.

became manager last year



Michael Cassell on the implications for the Labour Party of Denzil Davies's resignation

MR NEIL Kinnock's attempt to secure a cautious shift in Labour's commitment to unilat seral nuclear disarmament appears to have run into trouble.

The extraordinary resignation of Mr Denzil Davies, Labour's defence spokesman, in a tele-phone call to a news agency in the early hours of yesterday

morning, may partly reflect the character of a man regarded by fellow MPs as a bright, highly emotional and unpredictable col-But his decision has also dra-matically underlined the sensitiv-

inactally underined the sensitivity of an issue which always invokes deep and passionate emotions for Labour.

Mr Davies, a Welsh-speaking barrister who had handled the party's defence brief well for four years, has always been regarded. And the second of the second o as something of a maverick. His unilateral decision to depart, criticising his leader

openly as he did so, was immedi ately portrayed by a stunned Kinnock camp as being entirely in character. Mr Kinnock's supportcharacter. Mr Ammock's supporters were anxious not to attack Mr Davies too fiercely, however — he has, after all, held an important brief for four years.

The portfolio he held was particularly sensitive: Labour leaders have become accusioned to

the agonies involved in attempting to shape a defence policy for the nuclear age with which both the party and the electorate can happily live. In the last two general elec-

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tions, Labour campaigned on its commitment unconditionally to dismantle its own nuclear forces and to insist upon the removal of nnelear weapons from

The merest suggestion of a change in the party's commitment to providing a moral lead in the move towards global disarmament has invoked cries of

betrayal.
Following the party's third, successive election defeat, the hulk of the party believed it had little option but to go along with Mr Kinnock's post-election policy review, in which no party doc-trines were to be considered sac-rosanct. But defence strategy was certain to be one of the most deli-cate assues - and it was supposed to be relegated to the sec-ond stage of the two-year policy review, after this autumn's party want it to be

Ten days ago, however, Mr Kinnock said in a television interview that he rejected "something for nothing" unlisteralism, leaving it open to interpretation what he wanted to see in its place. The remark opened a vein on the socialist body politic well before the blood-letting was

expected to start.

The fallout after the Kinnock bombshell

defence issues stemmed partly from the delicacy of the subject, partly from the leadership's wish to monitor international progress on arms reduction before reshap-

ing Labour's own strategy. While seven policy groups pen-cilled in the outlines of future policy on most issues over the past months, defence was effec-tively shelved. It is Mr Kinnock who has now

his party to consider change, he has succeeded spectacularly. Some party critics claim he has gravely miscalculated the likely extent of the backlash and that he has undermined not only his calculated snub earlier this spell out in more detail, and in month from the Transport & General Workers' Union, which

The delay in considering with a timely taking off might efence issues stemmed partly play into the hands of Mr John com the delicacy of the subject, Prescott, who wants Mr Hatter-

sley's job.
To the Left, Mr Davies' resigna-tion provides dramatic evidence that the policy review process is a Kinnock-dominated "sell-out" intended to provide the leadership with a cover for the dumo-ing of socialist principles in favour of a quasi-Thatcherite

was to signal a start to the necessary debate on defence and to help him gauge the readiness of his party to consider change of the small, select group of advisers who him have been used hy his detractors to enforce their case. Few of his traditional supporters however, accept the allegations; they emphasise the need for a Labour leader to rule firmly, own position but that of Mr Roy
Hattersley, his deputy. It is clear him none the less for provoking
Mr Kinnock did not expect the an unnecessary row by failing to

his latest views on defence. decided to postpone its expected Mr Kinnock's colleagues are endorsement of the Kinnock-Hatinsisting that he had no intention emforsement of the Kinnock-Hat-tersley ticket in the forthcoming leadership election.

Support for the view that a final position on defence strat-Kinnock leadership — regarded as increasingly detached from the parliamentary party — could do changes which he believes are

the deductibility of the redemp-tions premiums, ought to be

now to point out the outcom

more appropriate surroundings,

"new realities".
Those realities do not, above all, include the ananomement to a non-nuclear defence strategy, a picious of Labour's position. Mr Kinnock has to help formu-, include the abandonment of pledge which he forcefully under-lined during his television late an approach which can be appearance.

However, Mr Kinnock did spell out his personal conviction that the recent US-Soviet treaty on intermediate nuclear weapons provides the first tangible signs of success on the long road to multilateral disarmament. In the light of that, he argues, Labour's own strategy must be updated. His view, with one eye fixed firmly on electoral acceptability, is that old-style, go-it-alone uni-lateral disarmament on the part of Britain will be unnecessary at time when the Soviets are eager to lower east-west tensions and nuclear stockpiles.

In place of "something for nothing" unilsteralism, Mr Kinnock envisages a "something for something" process in which Britain could enter bilateral negotiations with the Soviets aimed at achieving missile-formissile cuts. The strategy could, depending

on US-Soviet progress towards damaging twist to the party strategic arms reductions, conceivably elevate Trident to the gression towards government.

ating tool. Alternatively, a Prime Minister Kinnock could freeze deployment of Trident to await the outcome of superpower talks. Bither way, Trident would no longer be seen as something to be uncooditionally ahandoned. Such a strategy which would still

deeply divide those accepting Mr Kinnock's new realities from those sticking to the CND creed. His critics outside the party will enjoy portraying his ideas as naive and untenable. A missile-for-missile reduction could, they stress, undermine Nato strategy and would lead to an arms reduction deal unbalanced heavily in the Soviets' favour. Government ministers will try to exploit Mr Kinnock's difficulties and to emphasise that the successes so far achieved in arms reductions have only been achieved through

Mrs Thatcher, unlike President Reagan and Mr Gorbachev, cannot envisage a world without nuclear weapons and, whatever their aspirations, the Americans and the Soviets believe such a time remains a long way off.

Mr Kinnock's timetable is more pressing. The second stage of Labour's policy review will begin in the autumn and defence policy is certain to loom large in the remaining stages of the present

mutual strength.

The crunch will not, however, come until the 1989 conference, when the party will be expected strategy capable of winning majority support among an elec-torate which remains deeply suspresented as an important contri-bution to the international peace

He will still have to sell the attractions of a non-nuclear defence policy in the face of evidence which suggests most peo-ple believe Britain should retain a nuclear strike capacity as long as any potential aggressor.

process, hnt which simulta-

neously preserves the nation's

The party leadership appears confident that it can mastermind the transition. Mr Kinnock believes that when what he has been saying is fully explained and understood, his views will be accepted within the party as the basis for a realistic defence strategy more in line with changing world events than that of a "nuclear-obsessed" Mrs Thatcher

The debate has not, so far, gone Mr Kinnock's way. Mr Davies' unexpected telephone call has introduced a new, highly damaging twist to the party The Soviet economy

Joint ventures: a way to make perestroika work

George Soros

Stelinist past. There is no reason out the infusion of managerial much needed price reforms in the to doubt his intentions; but one and entrepreneurial skills from rest of the economy. cannot avoid having grave abroad doubts about his chances of suc-

Statin has been dead some 35 the kind of popular support which is necessary for a more democratic regime, he must also succeed with his plans for eco-

In the absence of economic shown. progress, the hopes raised hy lasnost will yield to disappointment and eventually disorder. Disorder will invite repression and the window opened by Gorbsehev's initiative will be shut

tight.
The Soviet Union is at a great disadvantage when compared which are attempting to introto draw on and in Hungary the In the Soviet Union, the infra- troika. structure necessary for economic reform is simply non-existent. Job security on the one hand and the lack of anything attractive to huy with roubles on the other

nised the need for joint ventures but is unwilling to spend hard years; but so great has been the currency on consumer goods. by joint ventures would enjoy a devastation wrought by his reign Without proper access to the competitive advantage over of terror that the country has not domestic market, joint ventures imports due to their lower hard-

did in introducing free speech, or the East and the West, is that to make a preferential allocation glasnost; but in order to attain foreign borrowing is best used for of currency for the products of investment purposes. This doc-trine is perilous for a planned set up joint ventures. Forcign economy because a state mecha-participation in distribution and nism cannot invest efficiently. nomic reform, or perestroika - The amounts wasted can be very for efficiency is even greater than and that is where his difficulties large, as the experience of East in manufacturing, would be also

It would be much better for the build immediate popular support ever year. The auctions could tail be relied on to make the right so, the foreign exchange requirewith other communist regimes investment decisions. They ments would exceed both the which are attempting to intro-would create an enclave of effi-willingness and the ability of the

heen totally extinguished. In addition, hoth countries have two currenctes. It is imperative to Soviet Union (pleaging some or avoid inflation in non-convertible its gold reserves) and half by the from the World Bank and other roubles because it is through the developed countries, including foreign sources. Even so, the enhanced purchasing power of Japan and even Korca. reform process has run into diffihis money that the ordinary citiculties, especially in Hungary.

Zen would henefit from pereswould have to be conditional on a zen would henefit from peres- would have to be conditional on a

allowing domestic distributors of issues are complex and time is consumer goods to bid for cooshort, the two sets of negotiavertible roubles on a competitive tions would be best carried on basis. The resale of these goods concurrently. have removed all incentives for for non-convertible roubles would The author i efficient production. The only reduce the supply of money and Quantum Fund

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THE INTERNAL transformation rewards available are the perks under way in the Soviet Union is potentially the most promising to do with efficiency. There is a instorical development since the traly astonishing lack of underend of the Second World War. Standing of the market mechanism of the market mechanism of Nazism; the current Newly permitted co-operative goods at reasonable prices would changes could mean the end of enterprises encounter almost stalinism in the Soviet Union. Mr Gorbachev has launched an spread hostility. In my opinion, all-out effort to break with the Stalinist past. There is no reason to the infusion of managerial much needed price reforms in the

The periodic auctions would The Soviet Union has recog- establish an exchange rate between convertible and non-convertible roubles. Goods produced been able to rid liself of the struc-tures that he has left behind, which would be needed for them reinforced by a scale of tariffs. Khrushchev tried but failed. Gor-bachev has already gone much economy.

The perceived wisdom, both in capital goods. Another option is further than Khrushchev ever

The perceived wisdom, both in capital goods. Another option is other services, where the need ern Europe in the 1970s has encouraged. Profits could be con-shown.

> sumer goods. This would help rebillion dollars' worth of roubles
> establish the value of money and would have to be anctioned off for perestroika. Given the proper off gradually as both exports and incentives, joint ventures could import substitution pick up. Even

dnee market-oriented reforms. Ciency, which would have a Soviet Union to borrow.

Both China and Hungary have much-needed demonstration It is at this point that imaginative leadership from abroad could play a decisive role. An internative overseas Chinese community in draw on and in Hungary that a convertible and the difficulty. convertible ronble. The difficulty well as the credit requirements of spirit of enterprise has never lies in designing the proper trans the joint ventures. Half the capi-heen totally extinguished. In mission mechanism between the tal would be subscribed by the

> large-scale reduction in conven-This could be accomplished by tlooal armaments. Since both

The author is adviser to the

This provision has two vices'

Sir, for the first time in more than 30 years, Her Majesty's Gov-ernment has, in the Copyright, Designs and Patents Bill, the opportunity and the means to remove some of the less sensible

the Government's failure to deal with one such feature: the theory (in the sense that the law is in practice unenforceable) that ity of the redemption premium home taping of phonographic for tax purposes is doubtful, to

recordings is illegal.

If a new provision, recently introduced into the bill at the committee stage, becomes law, people who make video recordings for personal viewing, of television programmes which incorporate copyright material, will in theory be guitty of infringement if they fall to destroy or erase the recordings within 28 days:

is unreasonable, and it is manufacteable in practice.

The programme making industry must expect video recorders to be used to record programmes for personal viewing. Even if recordings made for personal viewing are kept indefinitely, in most (if not all) cases this is unlikely to cause any actual financial loss to copyright own-financial loss to c

and non-commercial?

If the Government will not think again about this proposal, then it is to be hoped that members of Parliament will see that it does not reach the statute book, Christopher Morcom,

June 9), Anthony Moreton seeks to perpetuate the myth that the port of Cardiff is dead or dying.

Letters to the Editor

The true cost of put convertibles

features of our existing copyright, From Mr George Lemos.

Sir, The judicious observations on put convertibles by Lex (June 13) omit a further significant problem for the companies which issued them: that the deductibility dream. The managements which incurred these oblimations of the companies of the com for tax purposes is doubtful, to say the least. If it turns out that the pre-

mium is not deductible, the issu-ers will find not only that their anticipated interest savings will have evaporated, but that in after tax terms their borrowings will have cost considerably more than under a conventional instrument. recordings within 26 days:

The provision has two vices. It put convertibles, the tax factor is unreasonable, and it is also cannot be ignored; the weakness unenforceable in practice.

The provision has two vices. It put convertibles, the tax factor is unreasonable in practice.

Port facilities change to serve the patterns of modern shipping

respecting the rights of authors and composers, is fair and realistic as regards the individual, in allowing retention of recordings solely for use which is personal and non-commercial?

If the Government world. We have invested in several companies, at home and abroad, whose products or services enhance "medical productivity." The real question to be answered is: why does the UK it will cost less. health service fall to take advantage of these developments in a guinely manner?"

George Lemos,

By spending more money nearer the patient, on new technologies and products, more effective use will be made of existing hospitals. Productivity is inseparable from professionalism. If the NHS is made more efficient

Guinness Mahon Development In the UK, health care is syn- 32 St Mary at Hill, EC3

Proposals to end world hunger

From Mr John Mitchell not only likely to be the Demo-cratic candidate for the Presi-dency, but the next President of the United States (Leader, June 10). His views on US foreign pol-icy are therefore of great interest. In an important campaign speech earlier this year he drew attention to the fact that:

In the next 10 minutes, 300 children in the less-developed countries will die of preventable gations made much of the cheap-ness of put convertibles, but very little of the dilution which was disease or hunger. 10m Africans in 15 countries are on the edge of starvation - in a continent that once could feed itself. The images the necessary premise of cheap-ness. They are not more likely of human tragedy - the stick-thin legs and hollow eyes and ble – the excessive cost.

I scarcely need to add that put convertibles are yet another case where inadequate standards of disclosure do much to harm shareholder interests.

In legs and hollow eyes and would swollen stomachs of our fellow human beings – rise up before us and challenge us as a nation and as a caring people."

He pledged that as President he would:

that on the day we sign an agree-ment making deep cuts in strate-gic arms, we should create an international humanitarian relief fund, and each of us should put up a half billion dollars a year of What we save in weapons expen-

what we save in weapons expenditures to fight famine and poverty and disease throughout the developing world."

He concluded by saying: "John Kennedy and Lyndon Johnson did not accept the inevitability of hunger in America. They did something about it. Now, we need a President for the 1990s who will not accept the inevita-

That Governor Dukakis has made specific proposals for US action to end world hunger a key part of his campaign platform for the Presidency is one of the most encouraging developments in this year's US presidential election. John Mitchell,

Om FUEL PUMP BOOST

engine fuel boost pumps for the new McDonnell Douglas C17A military transport aircraft for the

US Air Force has a notential value of more than \$20 million over the next ten years. It was won against fierce competition from international as well as US suppliers.

leader in aircraft fuel pumping systems and will be providing near-boiling. pumps of proven design capable of operating at extremes of altitude and fuel

temperature. In meet such demanding reliability, special vspour

used to cope with fuel that is

Piessey already has a McDonnell Douglas contract for the design and development of valves on s pressure regulating cootrol system for conditions and ensure an inert gas generating system on the same aircraft.

Plessey has won the first strategic defence initiative (SDI) hardware development contract awarded to a non-USA company. Valued at nearly \$600,000, the contract is to demonstrate the concept of a fluidic diverter valve system for flight control of defensive weapons. The technology has been developed from Plessey involvement in acrospace fluidic systems in which the interaction of gas flows at different pressures is used as a means of

pneumatic control One advantage of such a system is its ability to operate at very high temperatures that conventional systems could not handle.

Plessey systems based on this concept are in use in Boeing 747 and Tornado aircraft as well as Lynx helicopters. Plessey helieves such systems could also have

applications in hyper-velocity missiles that are now under development. This contract is one of a

number awarded to Plessey for SDI developments. Some of the interface and test activities will be sub-contracted to Boeing Aerospace of Seattle.

Six car bodies with 12 seat

helts installed were placed in a Plessey climatic test chamber

NAUTIS FIRST FOR US NAVY

The first of two Nantis-M tactical the third generation of Plessey display systems for the US Navy was delivered by Plessey six months ahead of schedule.

Nautis is being evaluated for the navy's new Avenger class mine countermeasures (MCM) ships under a NATO comparative test programme. The systems are the US Navy's first for MCM

command and control The NATO test is taking advantage of a British MCM programme in which Nautis. integrated navigation, command and control systems to be supplied to the Royal Navy, is being delivered for installation in the latest minehunters. The similarity of US and UK requirements means significant

Sea trials of Nautis in the USA are scheduled to begin this autumn.

time and cost savings.

Nautis is also proposed for the US Navy's new MHC-51 minehuoter.

70,000 CLUNK CLICKS Plessey played a key role in

Rover Group's bannch of the Sterling model in the USA.

In meet new US safety requirements, cars sold there now have to be fitted with passive restraint seat helts.

Rover had to reproduce 10 years' use of its helts during a three-week test programme.

more than 400 hours.

at Titchfield, Hampshire, and subjected to temperatures of minus 30°C - plus 70°C and relative humidity of 65%. With the aid of a computer, the seat helts were activated 70,000 times over a period of

Successful completion of the test was an important part of the total package for validating the restraint system,



while it is true that the part of the docks system in and around the Rute East Dock is no longer in use, and has been earmarked for redevelopment by Associated British Ports (ABP), the general Perhaps Mr Moreton would like to consider the following: In 1987 the port of Cardiff handled s total of 2,600,000 tonnes of place in the ports industry over cargo; an increase of nearly

350,000 tonnes of cargo over and cargo activities of the part are above 1986. The port may no lon-queen Alexandra and Roath Bocks, which continue to flour-ish. dling a wide range of other car-Unless Mr Moreton's inspection goes. These include general occurred during an exceptionally cargo, petroleum, scrap metal, quiet period, he would have seen the quays stacked with timber, range of industries depend on the superior of the quays stacked with timber.

From Mr Nigel Walker, steel and coal, and warehouses port, and we are confident that realise that this is merely the Sir, it is a pity that, in an otherwise excellent survey on the capacity with fruit and Cardiff will continue to play an result of the changing face of port facilities needed to serve the City of Cardiff (Financial Times, products. Indeed, additional national economy, whatever the national economy, whatever the proposed developments in Cardiff warehouse accommodation is currently under construction at

Declining and derelict docklands have become a cliché over a century; it is not surpris-ing that it has had to change to accommodate the development in port transport systems which has taken place in recent times. A superficial look at any traditional

Ports today have to provide an efficient service which can load lands have become a clické which ignores the true nature of tha changes that have taken place in the ports industry over the past 20 years. The port of Cardiff has been in existence for over a century, it is not surpristhat a port has been successful in turning round its customers' ships quickly and efficiently -and not necessarily an indication that the port is no longer in use.

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Bob King in Taipei reports on the run-up to the ruling Nationalist Party congress

Taiwan wrestles with reform

SEEMING chaos rules as Taiwan prepares for the 13th congress of the ruling Nationalist Party in

The Taiwanese Parliament has erupted time and again in fist-fights and name-calling; workers have pelted trade officials with eggs; railroad meo have walked off the joh, paralysing rail traffic throughout the island; and on May 20 a demonstration by farmers erupted into the worst vio-lence the island has seen in 41

A more reasoned view suggests that Taiwan, after four decades in which such actions would have constituted treason, is wres-tling with questions that will be answered publicly during the Nationalist conclave next month. Most of the venerable National-

ist dogmas, to which the decades-old claim to represent all of China is central, have come under intense scrutiny over the past year or so hy people who, before the surge in reforms launched by former President Chiang Ching-kuo, preferred to their misrivings about the keep their misgivings about the system to themselves.

Even before Mr Chiang's death last January, bowever, many of their complaints had begun to surface – spurred, no doubt, hy the more liberal atmosphere the reforms implied.

Suddenly, members of Parlia-ment and other bodies bave been ment and other bodies have been current events as "system-tests" calling for investigations into previously sacrosanct areas such as dubious arrests and convictions of political and military figures over the past five decades, the disposition of Taiwan's foreign-exchange reserves, and details of the defence hudger.

More sober heads, though, read current events as "system-tests" leading up to the 13th party converted from the investigations with the rest of the international and the rest of the international etails of the defence budget.

The Government has community. That means either responded to some degree to maintaining, expanding, or these and other queries. It has also set forth guidelines under which ageing members of Parlia as last year's decision to allow ment, the national assembly, and Taiwan residents to visit close the controlling body of the yuan
- who last stood for election more than 40 years ago on the mainland - will be persuaded to retire and replaced with younger representatives elected from

At the same time, the Govern-ment has come under fire from

UK outlines

farmland

scheme

Ecu27.5bn (\$33.1bn).

The EC has taken the set-aside idea from the US, where about

70m acres have been removed

from cereal, oilseed and other

In a reply to Mr David Clark.

World Weather



shields to subdue violent riots in central Taipei which followed a demonstration by farmers last month

fact, that many residents worry
Taiwan's dearly bought stability
of past decades, and the economic prosperity that followed,
might be in danger.

More sober heads, though, read
covered events as "existent tests"

and the rest of the international relatives in China and the sanc-tioning of indirect trade links through third parties, such as Hong Kong.

Conservatives, who believe current liberalisations already concede too much to the Communists, naturally oppose further loosening of the reins. The more

anowing Uninese to visit Tawaii.

They also believe that the Government should allow any Taiwan resident – not just those with close relatives in China – to visit there, on the grounds that more private contacts will better acquaint the Chinese rank-andfile with developments in the "other China"

admit privately that they are represent all of China. already dealing with, and invest-ing in, China through entrepôts such as Hong Kong.

Teng hui, Chiang Ching kno's anointed auccessor and acting party chairman, indicate that the Government for the first time is considering the pros and cons of allowing investments in China if they can be shown to be in the national interest.

which would have provoked the china should he drastically nouncements, though tentative, iron fist in earlier years. So enlarged, even to the point of seem to point to increased printense has the agitation been, in allowing Chinese to visit Taiwan. Internal issues will command no less attention. The party, for example, is expected to formalise the number of new seats to be opened in Parliament to candi-

dates born in Taiwan.
These candidates will essentially replace elderly members elected in China 40 years ago – a tricky issue, because by whittling "other China."

They also favour enhanced tricky issue, because by whitting trade ties, including the right for down mainland-born participation the party could be seen as backing away from its claim to backing away from its claim to

But continuing to stack the

deck in favour of the China-born Recent comments to leading Taiwan who believe that the industrialists by President Lee national bodies should be more representative of the island.

Central to all of these ques-tions, and to the party's avowed goal of accelerated democratisa-tion, is reform of the party itself. which will be a major concern of the party congress.

Some pragmatists argue that The Taiwan-born Mr Lee has Taiwanese society cannot become said he emphasises lessening ten- more democratic until the ruling labour and farmers' groups for its pragmatic faction, in turn, sions across the Taiwan Straits. party is willing to tolerate differ handling of their interests – fire believes that the openings to Subsequent government pro- ing opinions within its ranks.

Hewlett-Packard chief says chip shortage is hitting sales

BY TERRY DODSWORTH IN LONDON AND LOUISE KEHOE IN SAN FRANCISCO

By Bridget Bloom In London DETAILS OF Europe's first offi cial scheme to pay farmers to leave arable farmland idle were announced in the UK yesterday. Mr John MacGregor, Minister of Agriculture, said Britain would introduce the set-aside Mr Young's statement, made at a meeting of stock market analysts in New York, lends further

scheme to cover the autumn planting. Farmers would be paid £130 to £200 (\$236-\$364) a hectare weight to recent evidence that the crisis is deepening at a time when many industrialists were a year to leave land fallow or to expecting it to disappear.
His speech also confirms that
the shortages are producing an cover it with woodland or a crop such as clover that would he ploughed in at the end of the artificial slowdown in the com-The scheme will cost £16m in puter industry, which is highly 1988-89 and £22m in each of the dependent on memory semicontwo following years.
The European Community

ductors. Hewlett-Packard had already delayed its introduction of a new desktop computer by four to six months, he said, while wants to remove land from production in the hope of reducing cereal and other farm surpluses, memory chip supplies were "get-ting much tighter." well as agricultural budgets. In the last five years, agricultural spending, accounting for two-thirds of the EC budget, bas

Japan is the world's leading supplier of memory chips. All but two American manufacturers nearly doubled and is perilously abandoned the industry in that close to this year's limit of early 1980s because of the presabandoned the industry in tha users hit by rapid price increases. early 1980s because of the pres- In the UK, for example, the

THE WORLD shortage of memory chips is likely to intensify in the second half of this year, Mr John Young, president of the Hewlett-Packard computer group of the US, said yesterday.

Manuary this year.

Memory semiconductors are key component in a gride variety with the property of the US.

key components in a wide variety of electronic products other than computers, including the latest generation of office equipment and consumer electronic prod-

Computer companies have been reluctant to admit produc-tion was being affected by the problems in the semiconductor industry but several leading US computer manufacturers, including Sun Microsystems, Apple and Compan, have now acknowledged that sales are being constrained by their ability to find memory

Serious supply shortages in the industry began to emerge in the first quarter of this year, with widespread complaints from

April to compensate for its addi

Mr Alan Sngar, chairman of Amstrad, complained then that

Many users claim the shortage results from the anti-dumping trade pact between the US and Japan agreed last year. Others argue that it is a consequence of technical problems caused by the changeover to production of 1 megabit chips.
US chip makers outmanoeuvred,

Amstrad computer group put up prices of its personal computers by £50 (\$90) at the beginning of

the company was being forced to pay heavily for spot market sup-plies by "pirates" in the dealer organisations.

Spot market prices of the present standard range of memory

chips - 256K dynamic random access memories (DRAMs) - are widely quoted as high as \$15 for products selling for \$3 last year, even for large volume purchas-

G7 likely to augment indicator list

Continued from Page 1 excluded it from the second

excluded it from the second index.

second index.

Gold is to be given a weight of per cent in the index which includes oil and of 10 per cent in the includes oil and of 10 per cent in the non-oil basket. Those figures represent a compromise between the 1.5 per cent the metal would receive on the basis of its importance in world consumption of ceived on a much smaller scale. Initial reaction from farmers yes-terday was that the compensatance in world consumption of commodities and the 15 per cent initially sought by the US to tion would be sufficient to attract only the most marginal land, which would mean the scheme reflect its wider monetary role.

There remain differences, however, on the importance that should be attached to commodity would have relatively little

In a reply to Mr David Clark, Labour spokesman on agriculture, Mr MacGregor denied that the scheme would simply pay farmers for doing nothing.

Stuck in the mnd, Page 18; Background, Page 32.

A separate idea tabled by Mr Baker last month to establish "monitoring zones" for all the economic indicators is not expec-ted to be discussed in detail at the summit. US officials acknowl-edge that more work is needed before the idea can be signifi-cently advanced. cantly advanced.

The Canadian compromise on sub-Saharan Africa is an attempt to hridge differences between various aid plans - notably those proposed by Mr Nigel Lawson, Britain's Chancellor of the Exche-quer, and by Mr François Mitter-rand, the French President.

nations should agree that each principle at lea creditor country be able to at the summit.

choose from a menn of options.

These would include the interest rate subsidies proposed by Mr Lawson, the dabt write-offs suggested by President Mitterrand, and the stretching out of deht maturities favoured by the

Officials say that there are still problems with the compromise, particularly in establishing the "equivalence" of the different forms of assistance in a difficult to

In particular, it is difficult to see how longer maturities would quer, and by Mr François Mitterquer, and the French President.

It suggests that instead of opting for a single form of debt relief, the Paris club of Western nations should agree that each principle at least, will be reached at least, will be reached to the poorest countries comparable to that provided hy lower interest rates or debt write-offs. The signs, however, are that an agreement, in principle at least, will be reached at least, will be reached to the poorest countries comparable to that provided hy lower interest rates or debt write-offs.

US tobacco ruling sets lawyers alight with enthusiasm

By Anatole Kaletsky

THE US tobacco industry was putting a brave face yesterday on its first defeat in a product liability lawsuit. But plain-tiffs' attorneys around the country were inhilant about Monday night's decision by a Federal court to award \$400,000 in damages to the hushand of a New Jersey woman who died of lung cancer in 1984 after a lifetime of leave smoking

heavy smoking.

Tobacco manufacturers' shares fell only marginally yesterday morning in response to the verdict and Wall Street analysts mostly minimised the financial implications of what one of them called "this very limited decision."

But the tobacco industry's opponents predicted that thousands of lung cancer victims and their families would be encouraged to file lawsuits against the cigarette compa-nies after Monday's award.

"This verdict sets a tremen dously important precedent. It shatters the aura of invincibil-ity that has been the principal defence of the tobacco industry against a flood of lawsuits," said Professor Richard Daynard, of Northeastern Univer-sity Law School in Boston,

The tobacco industry had The topacco industry had neither lost nor settled a single one of the 300 lawsuits filed against it until Monday's case, in which Liggett Group, the manufacturer of Chesterfield, Lucky Strike and L&M cigarettes, was found partly liable for the death of Mrs Rose Cipollone. Rose Cipellone.

Professor Daynard, who heads the Tobacco Product Liaheads the Tobacco Product Liability Project, an anti-smoking organisation, said that plaintiffs' lawyers were already appearing on television to draw Monday's jndgment to the attention of the public.

While \$400,000 might seem a part and leave for the tobacco.

very small sum for the tobacco companies and for Wall Street, it represented a sizeable amount for individuals. While Monday's \$400,000

cient to cover the investment of time and money put in by Mrs Cipolline's lawyers, Pro-fessor Daynard pointed out that this was unlikely to dis-

courage new litigation.
Similar lawsuits would be far cheaper to bring in future because information about the industry's practices, which had cost hundreds of thon-sands of dollars to assemble for this case, would be made available to other litigants for only \$160, he said.

The industry, however, took comfort from several details of the Cipollone verdict.

The jury decided that Lig-gett had implied an "express warranty" about the safety of its products prior to 1966, when the Federal Government mandated health warnings on mandated health warnings on cigarette packets. Liggett's advertising for L&Ms featured the phrase "just what the doc-tor ordered," while Chesterfields were promoted with the slogan "play safe – smoke Chesterfields."

In addition, the jury found that Liggett failed to warn cus-tomers about the known dangers of smoking.

gers of smoking.

No damages were assessed against Liggett on the failure to warn charge because tha jury felt that Mrs Cipollone carried 80 per cent of the blame for her death — and the law says damages can only be assessed against a plaintiff who is liable for at least 50 per cent of the damage.

cent of the damage.

Even more importantly, the jury rejected the plaintiff a claims of a fraud and conspiracy within the tobacco industry designed to mislead the public about the dangers of smoking. If these charges had stuck, the industry might have found itself exposed to much higher punitive damages, on top of the limited specific dam-ages that could be proved in any one case.

Moscow wins respite in Armenia

Continued from Page 1

rationing and left the local Communist Party out of control.

Hitherto the Soviet authorities in Moscow have refused to contemplate the Armenians' demand — which in February dangerously inflame the ethnic design and left the local Communist Party out of control.

Lation by making too great combought time. But the vote will not in itself prove anything. The ism. That could cost him vital Supreme Soviet has no real political support in his national anthority — unlike the ruling programme of reform, as well as dangerously inflame the ethnic design. brought an estimated 1m people on to the streets of Yerevan - for the enclave to be transferred.

passions which caused a race riot in the city of Sumgait, near Baku, last February. On the other hand, passions in

alienate the Soviet Moslem popu- parliament - this week, he has try.

Few observers doubt that Mr Gorbachev will be forced to make the enclave to be transferred.

They have agreed only to a major
On the other hand, passions in
Armenia are clearly running so
more concessions to the Armenian demands, which have been simmering ever since 1923, but he strongly that Mr Arutiunyan felt unable to resist them on Monday.

By promising a debate – and a positive vote in the Armenian rent to nationalist minority aspirate the Saviet Mosleyn none. THE LEX COLUMN

One deficit down, one to go

Enjoy the summer rally while it lasts. The US trade data for April was the best of all possible out-comes, and while the usual provi-sos about the dangers of attach-ing undue significance to one month's figures need to be under-lined, it would be churlish to ignore the potentially optimistic message coming out of the latest figures. The sharp decline in imports combined with the con-tinued buoyancy of exports suggests that the three year slide in the dollar is at last having an effect. More competitive US businesses are stealing market share from their overseas rivals, while the economy may be starting to make the transition away from the consumption led growth which has worried the financial markets for so long.

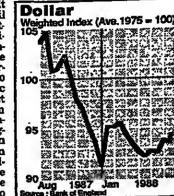
The US bond markets, where

yields have dropped to levels which would have been unthink-able during last month's inflation able during last month's initiation jitters, are clearly of the opinion that things have changed for the better; and, judging by the foreign capital that is once again flowing into the dollar, they are not alone in their judgment. However, while a strong dollar may underpin the confident mood in the short term, there is still a powerful tug of war going on behind the scenes, and, unless there is a marked slowdown in US economic growth or a reversal of the gradual acceleration in the pace of US inflation, it is hard to paint a year-end picture where US interest rates are much lower than they are currently. At this stage of the economic cycle, wbeo authorities in both the US and overseas are facing pressure to tighten monetary policy, the bond market would not seem to be the safest long-term home for As long as the bond markets

remain in imoyant mood, equities are likely to be dragged higher. Ever since last October'a crash, institutional liquidity has been climbing and, with the end of the second quarter looming, a lot of institutional managers must be re-examining the wisdom of keeping so much cash on deposit. This could prolong what still looks like a healthy rally in a

Northern Foods

Maybe it was the unpleasant sensation of Hazlewood's breath on its neck that explained the unexpectedly strong increase in profits at Northern Foods. Scep-



months ago, and the extraordi-nary charge included such items nary charge included such items as the cost of franchising its milk rounds, which arguably belonged above the line. Meanwhile, the benefits from rationalisation at Bowyers seemed to have been brought through somewhat hast-

Even if such doubts are warranted, the company has a strong enough story to tell of its immediate past and prospects to frighten any bidder, without using any fancy devices. A 23 per cent increase in UK profits in the second half shows that its savage efficiency drive of the past two years and withdrawal from the US is paying off. While the gains from that process should give from that process should give profits another large kick forward this year to £87m or so, beyond that acquisitions will be needed to sustain growth at a market pace. With cash already mounting, the real constraint seems to be foot-dragging by the management, which is no doubt wary after its previous spotty record at making acquisitions. record at making acquisitions.

These prospects do not quite support the earnings multiple of

11, suggesting that some investors expect a bid. Others do not. however. While Northern gets a decent return from producing chilled foods for Marks and Spencer and from its regional or specialised brands, such unglamorous husinesses do not make it another Rowntree or Cadbury, or even a Unigate, in the eyes of a potential buyer.

Tobacco shares

Investors in tobacco companies

mans, which does not sell cigarettes in the US, was at first deemed to be worth 5 per cent less. More startling was how quickly the abares recovered, and having received a little guidance from BATs about how the apparently devastating judgment should be interpreted, investors at one stage judged BATs to be worth more as a result of the news.

In the end, the small fall in tobacco shares seemed to get the measure of it. The case appears to be specific to Liggett, arising to be specific to Liggett, atising in part from an unfortunate advertising slogan the company used in the 1950s, claiming Cheaterfield cigarettes were "Just want the doctor ordered". On the other hand, to argue that for all other tobacco companies the very distribute actually made actually made actually made. dict was actually good news because the industry was found not guilty of conspiring to withhold information on the risks of smoking - is pushing it a bit. This is the first time the industry has lost a product liabil-ity case, and the decision will surely invite further cases from victims of lung cancer. But even if - as is questionable - the Liggett verdict is the first of many, investors should not be unduly alarmed. After all, BAT is not on a 6.5 earnings multiple for noth-

Paris bourse

There will no doubt be some don and New York atock exchanges at the incredible finan-cial mess which has led to yesterday's abrupt departure of the two top officials at the French stock exchange. The idea that close to a third of the stock exchange guarantee fundcould disappear because of a failed gamble on the financial futures market, which was then covered up for several months, has clearly not helped French efforts to establish Paris as a serious competitor in the international financial markets. Given the undoubted success of Mr Dupont in modernising the exchange, his departure is a cruel native if the French authorities are serious in restoring credibility. London and New York have both had their own atock Investors in tobacco companies exchange acandals in the past are so touchy that a decision by a and Paris will surely recover onexpectedly strong increase in US court to fine Liggett \$400,000 from this embarrassment. The profits at Northern Foods. Scepfor the death of a chain-smoker real danger is that the authorities may note the tax charge was initially reduced the market will overreact and impose new four percentage points lower value of the whole industry by regulations which will stifle than the company indicated six over a billion dollars. Even Roth-

HEAD FOR HAMPSHIRE ~A STEP IN THE RIGHT DIRECTION "More office for your money" - when you step up to a new administrative centre in South Hampshire. Ask the Hampshire Development Association for a copy of the independent study by Coopers & Lybrand Associates on South Hampshire which reports that READING property costs in South Hampshire are considerably lower than those current in central London or the Thames Valley." TOWER HAMLETS Please send me a copy of the Coopers & Lybrand report. Post this coupon to: The Hampshire Development Association, 13 Clifton Road, Winchester, Hampshire SO22 5BS or call Winchester (0962) 56060. Telephone.



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday June 15 1988



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New York banks meet to bridge merger differences

York and Irving Bank will meet today in another attempt to bridge their differences but there are doubts on Wall Street that the meeting will lead to an agreement to merge.
irving, which has rejected its

crosstown rival's approaches for the past eight and a half months, continues to favour a deal to sell a majority of its stock to Banea Commerciale Italiana, the sec-ond-largest Italian bank. Its last meeting with Bank of New York ended testily after just a few mintites on May 18.

Analysts expect today's meet-ing to be equally unfruitful unless Bank of New York raises its offer, which is \$15 in cash per meeting's going to be a short Steams.

MINNESOTA MINING and Manu-

facturing (3M), the US-based mul-tinational industrial and con-

sumer products group which makes Scotch tape, is in "good shape" for the unified European market in 1992, Mr Allen Jacob-

son, chairman and chief execu-

tive, said in London yesterday. The company, whose 50,000 products range from bousehold

products such as masking tape to sophisticated medical and analyt-

ical equipment, started setting up

factories overseas in 1952, and began a programme of rationalis-

ation in the late 1960s and early

involved manufacturing products

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EXECUTIVES of Bank of New share and 1.575 Bank of New affair, he said.

Vork shares, or about \$67%, value The meeting, which was York shares, or about \$67%, valuing living at \$1.23bn. ing Irving at \$1.23bm.

Banca Commerciale's offer \$80 a share for 51 per cent and New York after a New York various other provisions - is judge told the two companies to thought to be worth about the patch up their differences.

"I hope everybody brings foot-ball helmets," said Mr Jim McDermott, an analyst at the stockbrokers Keefe Bruyette. "Unless there is more meat to Bank of New York's offer, the

3M chairman says company in

1970s.

Consequently, said Mr Jacobson: "We feel we're a long way down that road towards the rationalisation which everybody company has set up pan-European teams to consider changes historic terms," except in relation to the yen and the Swiss francing in the current second quarter,

good shape for 1992 changes

thought to be worth about the same.

But these analysts think a raise is unlikely while Bank of New York still has a chance of New York still has a chance of courts.

Batch up their differences.

Judge Herman Cahn of tha New York State Supreme Court is due to rule, possibly this week, on Bank of New York's suit to overturn Irving's "poison pill" company by-law that makes a company by-law that makes a

hostile takeover prohibitively expensive for Bank of New York.

If they win the poison-pill ruling, they can just go out and buy the company without raising their current offer," said Mr Mark Lynch, an analyst at Bear

In September 1989, 3M plans to

hring its board mambers to Europe to study the company's

progress in preparing for 1992. "I think the change is going to be evolutionary," Mr Jacobson said. "I don't think that January 1, 1992 is going to see a new world."

Europe is important for 3M.

providing about 75 per cent of international sales, which in turn represent 40 per cent of the

\$9.4bn annual group total. Currency factors have there-

fore been a favourable influence

on the company in recent years, contributing about 8 cents a

share to net income of \$277m

Allegheney plan

Mr David Murdock, the Los Angeles investor said yesterday he may submit to Alleghday he may submit to Allega-eny International a plan to reorganise the consumer prod-ucts group, which is operating under Chapter 11 of the US Bankruptcy Code. In a filing with the Securi-ties & Exchange Commission, Mr Murdock said he ordered his representatives to borin.

in the 1988 period rose to \$1.15bp from \$898.6m.

Fluor posts

turnround

in second

By Our Financial Staff

FLUOR, the US construction

group, has reported a sharp turnround in its financial per-

quarter

his representatives to begin work on a plan which may be presented to Allegheny for consideration, subject to Mur-dock's review of Allegheuy's own reorganization plan and other factors.

Crocodile bonanza

Gulf + Western, the US entertainment and publishing concern, said yesterday its film Crocodile Dundee 11, starring Australian Paul Hogan, has grossed \$61.3m in the US and Canada in its first 19 days

Harnischfeger sale Harnischfeger Industries,

the Milwaukee-based heavy equipment manufacturer, has filed with the Securities & Exchange Commission to sell 5.5m shares of common stock. The shares are worth around \$130m at the current market

Philips buys out Du Pont stake in tape joint venture

PHILIPS, the Dutch electronics group, is buying out Du Pont's 50 per cent interest in PD Magnet-ics, the two companies' financially-troubled joint venture in magetic tape for audio and video electronic products.

Audio and video cassette production will be shifted to Philips' cassette factory in Vienna and more than half of 470 PD Magnet-ics' employees will be laid off, Philips said yesterday.

Efforts will be concentrated on

formround in its linancial per-formance, with second-quarter net earnings of \$10.3m or 13 cents n share, compared with a loss from continning operations of \$42.9m.

In the year-ago second quar-ter, a loss of \$9.7m from dis-continued operations produced a final loss of \$52.6m. Revenue in the 1928 period rose to production and sales of chro-mium dioxide-based recording tape in an effort to turn around PD Magnetics, which has lost at least F1 90m (\$46.6m) in recent

Philips refused to say what it Telegraph was paying for the US chemical PD Mag

The buyout represents another Philips and Du Pont tried unsue-setback in Philips' policy of exploiting peripheral activities vaert, the film sobsidiary of West through joint ventures in order to focus on core activities. Last year it failed to spin off large domestic appliances in a joint name and Du Pont will supply venture with Whirlpool, medical raw materials and technical supequipment with General Electric port. The joint venture was established in 1983. of the UK and part of Polygram lished in 1981.
on the New York Stock Du Pont Optical, another joint

was paying for the US chemical PD Magnetics plunged into group's stake in the venture, financial difficulties in 1985 on which had sales of FI 200m last collapsing prices for magnetic tape and cassettes. Last year

Exchange. venture in laser-optics media, is Philips also trimmed its role in APT, a telecommunications venture with American Telephone & since its start-up in early 1986.

VDO doubles profit to DM25m

BY ANDREW FISHER IN FRANKFURT

VDO Adolf Schindling, the West DM6.50 on the quoted preference over ros German maker of instrumenta- stock. The company came to the DM717m. rehicles, aircraft and industry, ago nearly doubled group profits last year and saw a further 6 per cent in the motor industry, VDO profrise in turnover in the first five months of 1988, Mr Ulrich Woehr, rise in car sales in Germany and the chairman, said.

tion and control systems for stock market just over two years

the rest of Europe.

Mr Woehr said that the increased use of electronic components in cars presented a considerable growth potential for VDO. He reckoned that the share

of electronic parts in the total value of a vehicle would at least double over the next decade. the chairman, said.

Net income rose from DM13m
to DM25m (\$14.5m) in 1987. VDO, based near Frankfurt, is paying unchanged dividends of DM6 on lts ordinary shares, which are owned by the controlling Schinding-Rheinberger family, and the foreign share of group turn.

Total turnover was 10 per cent double over the next decade. He stressed that VDO was currently investing nearly 9 per cent was achieved abroad. As rently investing nearly 9 per cent of group turnover in research and development, which employed about a tenth of its 1,470-strong workforce.

Nordisk Gentofte earnings rise in year

an unchanged 10 per cent divi-dend after increasing net profits from DKr83m to DKr106m (\$16.6m) on turnover up from DKr92im to DKr1.03bn in the

year ended March. Pre-tax profits were up from DKr123m to DKr143m. Net finan-

rose from DKr129m to DKr149m. Sales of insulin products,

accouting for 77 per cent of sales, increased by 10 per cent in volume, or twice the increase in the world market.

A satisfactory increase in sales sale of Danish North Sea gas.

NORDISK GENTOFTE, the insu-lin, blood products and growth to DKr16m despite a continued 1988-89, said the company. hormone manufacturer, proposed increase in investments, which • Dansk Oille & Naturgas, the state-owned oil and gas distribu-tion group, turned a 1988 loss of DKr458m to a profit of DKr52m last year, although sales were down slightly from DKr4.37bn to

DKr4.22bn. The group's main

Deutsche Esso falls to DM62m as prices drop

By Our Financial Staff

DEUTSCHE ESSO, part of the DEUTSCHE ESSO, part of the Exxon US oil group, said 1987 net profits dropped to DM62.5m (\$36.3m) from DM268.9m in 1986 due to price

falls for natural gas and oil.
Mr Thomas Kohlmorgen, managing board chairman, in disclosing the sharp profits reverse, said that the company wanted to return to profitability in the oil refining and marketing sectors within two

VERIS. He added that Deutsche Esso had to withdraw DM82m from reserves for anticipated price rises to pay the DM145m dividend to Exxon, compared with a DM38m withdrawal in 1986.

Mr Kohlmorgen said Esso would invest up to DM300m in its two refineries to end the refining sector's high losses in two years. Fire independent He added that Deutsche Esso

two years. Five independent profit centres would be created to cut costs in the marketing reduce its workforce by 300 people to 2,000 by end 1989 through an enrly retirement

board member, said the refining and marketing losses totalled DM14 a tonne during the first six months of this year and not profits would be around DM50m in the half. He could not give n comparative figure for the first six months of last year.

The oil sector registered a loss of DM194m or DM14 a tonne, calculated on replacement costs, after profits of DM335m or DM23 a tonne in

Price declines for natural gas more than halved this operation's profits to DM 100m. Mr Joenck said. While oil sales rose to 14.9m

tonnes from 14.7m and natural gas sales went up to 6.8hn cubic metres from 8.1bn, the slump in oil prices cut turn-over to DM8.5hn from

and to study how savings could 3M expects "very good growth" be made on standardising marin sales and earnings, which keting literature for industrial jumped 18 and 30 per cent respecfrom one or two plants for all Further rationalisation may products. tively in the first quarter.

1,800 Shares

All of these securities having been sold, this advertisement appears as a matter of record only.

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June 1988

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Italy

INTERNATIONAL COMPANIES AND FINANCE

After a shaky start France's first pay TV channel is proving a success, writes Paul Betts

Canal Plus plugs in to a winning formula

success of Canal Plus, the French pay television channel which started from scratch four and a half years ago, Dan Rather read-ing the American CBS evening news at breakfast time and blue movies in the heat of the night appear to be an irresistible com-

bination for French television

After an extremely shaky start and a net loss of FFr330m (\$56.7m) in its first full year in 1985, Canal Plus has confounded all its critics. Europe's first pay television channel has seen its consolidated net earnings shoot up from FFr4m in 1986 to

FFre7m last year. Mr André Rousselet, the net-work's chairman, said yesterday that pre-tax profits this year were expected to grow by 45 per cent.

At the end of the year, the network is expected to have a total of 2.6m subscribers, compared with 2.2m at the end of last year, 1.5m at the end of 1986 and only 670,000 in 1985. The sharp rise in new subscribers, who pay a monthly fee of FFr150 each to receive the network, has pushed revenues up by nearly 78 per cent, to FPr3.35bn last year.

The flotation of Canal Plus last November on the Paris second Canal Plus has also continued marche, or unlisted securities to grow in the highly agitated market, has also been a big success. In spite of the October stock television since the privatisation

Advertising revenues totalled only about FFr240m last year, compared with the network's overall consolidated turnover of FFr3.35bn, and Mr Rousselet said he did not expect them to amount FFr3.35bn, and Mr Rousselet said cent, compared with 65 to 70 per he did not expect them to amount cent for the American HBO and to more than FFr250m this year. Show Time pay television net-The pay television network uses advertising to finance its non-coded broadcasting time, which

total airtime.
All French television viewers can watch the non-coded pro-grammes which are designed to hure new subscribers to the pay network: Mr Rousselet said about 70 per cent of new subscribers had first watched the non-coded

programmes.

The coded programmes, which require a decoder box connected to the TV set provided for a refundable deposit of FFr480, are financed by the subscription fees.

This extremely limited reliance on advertising has given Canal Plus considerable independence from the ratings war engaged in by the five other French television channels. In turn, it has pany's current market capitalisa-tion is among the 25 biggest in sion channels. In turn, it has enabled Canal Plus to concen-

films, accounting for 45 per cent

Indeed, Canal Plos has of broadcasting time.

undonbtedly fared best in the newly deregulated French television market thanks to its very small reliance on advertising.

Indeed, Canal Plos has of broadcasting time.

Moreover, the network is also the only channel in France allowed to broadcast films which are as little as one year old.

Apart from feature films, about 5 per cent of broadcasting time is devoted to sports, including American football and Spanish accounts for about 20 per cent of American football and Spanish bullfighting and the more conventional French soccer and rugby matches. Serials account for nearly 30 per cent of broadcasting time, while news takes only 22 per cent and commercials a tiny 0.8 per cent.

To protect its special advantages, Canal Plus has no intention to try to increase its share of advertising revenues.

Mr Rousselet also believes there is a risk that viewers will ultimately become saturated by television advertising in France.

television advertising in France. Some of the commercial networks are already suffering from

Mr Rousselet has decided to set a limit of 3m subscribers for Canal Plus. He expects to reach

leading national network, and alternative programming concept this ceiling at the end of next the arrival of new privately which relies heavily on feature year or early the following year. He argues that beyond this limit, the film and sports indus-tries would start becoming wor-ried by the impact of his network on audiences in cinemas and sports stadiums. This would make it more difficult for Canal Plus to negotiate future rights to

> and maintain a constant flow of new leature films.
>
> "We need to keep the best possible relations with the cinema and the sports world," he explained, adding that at current subscription levels Canal Plus had no significant impact on sta-dium and cinema audiences.

broadcast special sports events

Canal Plus - whose major shareholders include big groups like Havas, Compagnie Générale des Eaux, L'Oréal, Perrier and Granada - is thus increasingly banking on its international

pay television channel to 20 per

Canal Plus is also investing in a new family pay TV channel called Canal Plus Famille and is planning satellite transmission with its eyes both on West Germany and French-speaking African markets.

NZI earnings hit sharply by market crash

on subscribers

original offer level of FFr275 to a peak this month of FFr550.

At nearly FFr10bn, the com-

October crash - from which real for the year to March. The previ-

Its banking arm also lost man, said yesterday that without heavily, particularly through borrowers defaulting on loans. NZI banking had a reputation for been made.

NZI, THE New Zealand insurance before tax, compared with only and financial services company, NZS9m the previous year. suffered a deep erosion of profits The result was a slide in overing its latest year as a result of the all profits after tax to NZ\$59.4m. ised and unrealised losses on ous year, consolidated net earn-share investments amounted to ings had peaked at NZ\$145.3m. NZ\$142m (US\$100.2m). Mr Norman Johnston, chair-

advancing funds to entrepreneur. He said the company had ial companies. After the crash, adopted a policy of "conservative some of these borrowers were realism" which would allow it to He said the company had

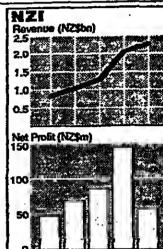
tially reduce or completely with- don merchant bank, for £39m draw from equity investments. Brierley Investments, Sir Ron Brierley's New Zealand master Brieriey's New Zealand master company, is currently seeking to sell its 35 per cent stake in NZL Although it says it is considering several offers, Brierley has not yet found a buyer. The AMP Society, the leading Australian institution, is no longer interested in bidding.

NZI's expansion continued during the year, providing revenues which, at NZ\$2.25bn, were up 12 per cent. In March it agreed to buy Arbuthnot Latham, the Lon-

(US\$70.9m) from Nordbanken of Sweden. Last December it paid SFr150m (US\$104.1m) for Foreign Commerce Bank (Focobank) of

The Auckland company is intaining its total dividend at 10.5 cents per share. This is in spite of the even worse attribut-able result – after extraordinary losses, earnings were 82.9 per cent lower at NZ\$27.6m.

Mr Johnston said the insurance section had increased oper-ating earnings but was affected by the rise in the local dollar.



unable to repay. perform better this year. It is NZI Banking wrote off NZ\$97m understood that NZI will substan-Linter launches A\$123m

bid for dry cleaning chain

THE LINTER group, Australia's seen its shares come back biggest textile producer which strongly since the October crash. was recently acquired by Mr Abe Shares have risen about 50 per Goldberg, the Melbourne textile cent since May on speculation of magnate, has launched a A\$123m an offer, but until last night the (US\$99.1m) bid for Spotless Hold-most favoured suitors were its ings, a diversified dry cleaning own board.

pany's estimated asset backing of succeed without their acquies-

**ALO7 a share.

He said Linter was particularly interested in Spotless's rental textile and industrial sheeting operations, which would complement its textile and clothing activities. Spotless is also Australia's largest producer of coathangers.

Mr Brian Blythe, managing director, said last night that directors would meet next Tuesday to consider the offer.

Linter came under Mr Goldberg's wing following a A\$300m berg's wing fol

Spotless, one of the medium-sized quiet achievers among Aus-higher price to Mr Basil Sellers's tralia's industrial groups, has AFP Investments.

BY OUR FINANCIAL STAFF

Linter is bidding A\$1.20 cash a pany's capital has changed hands share on market for the comin tha past formight, with the pany, 3 cents below its close on main buying coming from Australian stock markets yester-day.

McCaughan Dyson Capel Cure, the Melbourne stockbroker.

But Mr David Gale, Linter
finance director, said the offer
was 40 cents above the Spotless
market price of less than a
month ago and represented a
substantial premium on the comfamilies and no takeover could
sand represented a service and no takeover could
sand represented a service and represented on its
substantial premium on the comfamilies and no takeover could
sand represented and repre

ICI Australia revises profit after tax change

By Our Sydney Correspondent

ICI AUSTRALIA, the chemicals producer controlled by the UK's Imperial Chemical Industries, has become the first Australian company to revise its March half-year profits tax changes announced in the Federal Government's May economic statement.

It said yesterday that aftertax earnings had been increased by A\$10.5m (US\$8.5m) to A\$78m because its tax rate had fallen from 49 per cent to 39 per cent. The company had previously reported a 41 per cent lift in earnings to A\$67.5m, based on

a 49 per cent tax rate. ICI Australia, 62 per cent owned by the UK parent, con-firmed it would pay 39 per cent tax on its September full-year carnings, with the new tax rate officially effective from July 1. Companies with a September

balance date will thus be among the first beneficiaries of the tax change.

Nobel Industries income climbs 83% to SKr258m

BY SARA WEBB IN STOCKHOLM

NOBEL INDUSTRIES, the Swedish armaments and chemicals
group, reported an 83 per cent
increase in profits for the first
four months, belped by the
strong performance of its pulp
Mobel Industries' pulp and

SKr6.66bn.

Bofors, the ordnance division, showed a 68 per cent increase on sales to SKr1.48bn, helped by a SKr8.4bn order from the Indian Government received in 1986 for artillery systems. Profits at the The specialty chemicals division.

and paper chemicals, consumer goods and weapons divisions.

Profits after financial items

Apper chemicals division reported a 20 per cent rise in sales to SKr489m and a profit increase of reached SKr258m (\$43.1m), com- 77 per cent to SKr76m, helped by pared with SKr141m in the correimprovements in its bleaching sponding period last year. chemicals operations. chemicals operations.

Sales during the first four Although the adhesives and months rose by 64 per cent to paints division showed a 77 per cent rise in sales to SKr2.2bn, its

artillery systems. Profits at the division rose from SKr96m to SKr101m.

Nobel industries announced it cent to SKr582m.

The specialty chemicals division started to make a small profit, and sales rose by 30 per cent to SKr582m.

Bankers Trust New York Corporation U.S. \$300,000,000

Floating Rate Subordinated Notes due 2000 FIGURING NAME SUBDICTURE 114000 UNE 2000 For the three months 13th June, 1988 to 13th September, 1988 the Notes will carry an interest rate of 74% per annum and interest payable on the relevant interest payment date 13th September, 1988 will be U.S. \$198.06 per U.S. \$10,000 Note and U.S. \$4,951.39 per U.S. \$250,000

Bankers Trust Company, London

Agent Bank

and Nicholas Nanopoulos

have joined our firm as Senior Vice Presidents Trading and Arbitrage in our New York office.

Auditors qualify accounts of NZ property group

By Our Wellington Correspondent

THE ACCOUNTS of Robert Jones Investments, a New Zealand property group which has expan-ded into Australia and Hong Kong, have been qualified by Coopers and Lybrand, the auditors, for failing to revalue all its properties and including direc-tors' valuations on some overseas

The accountants said indepen-dent valuations were not available for all overseas properties and they were therefore unable to quantity the effect of the departure from standard practice. Only one Australian property was included in the valuations, although the company holds about 60 per cent of its assets in Australia. The value of the company total accepts has increased pany's total assets has increased to NZ\$876m (US\$818.1m).

Shareholders of Robert Jones Investments will be asked to pay NZ\$75m, possibly rising to NZ\$92m, to buy a 25-year man-agement contract owned by Mr Jones's private holding company. Under this contract the quoted arm pays 8 per cent of its gross income each year to Mr Jones's

holding group.

Mitsubishi Corporation edges ahead

MITSUBISHI CORPORATION, at Y13,365bn were up 5.6 per cent. the large Japanese trading bouse, in sales terms Mitsubishi ranks in consolidated net profits to nues of Y15,779bn, and C. Itoh reach Y31.17bn (\$249.1m) for the year to March.

This came on revenues which the sales grew 5.3 per cent, boosted its global net profits 26.5 per cent to Y25.38bn. Mitsui & Co., with reverance of Y21.15bn. mitsupport of Y23.15bn. mp by more than half. The companies have benefited from domestic economic expansion.



BERGESEN : AS



Introduction to

The Stock Exchange, London

COUNTY NATWEST LIMITED

9,956,428 A voting shares of NOK 5 each 4,249,200 B non-voting shares of NOK 5 each

NOK 49,782,140 NOK 21,246,000 NOK 71,028,140

Bergesen d.y. A/S ("Bergesen") is a major independent bulk shipping owner and operates 36 vessels which have a total capacity of 5.8 million tonnes deadweight. Bergesen is a major independent VLCC owner and the world's largest independent owner of LPG tonnage and operates a fleet of dry bulk carriers. In addition to its shipping fleet, Bergesen has certain financial and property investments. Bergesen esharts are listed on the Oslo Stock

Application has been made to the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited for the whole of the A and B share capital of Bergesen in issue ("the shares") to be admitted to the Official List, it is expected that the shares will be admitted to the Official List, and that dealings

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INTERNATIONAL COMPANIES AND FINANCE

Costs warning by German | DnC in the Ford despite record profit

MR DANIEL GOEUDEVERT. cent, from DM16.5bn to DM17bn, chairman of Ford-Werke, the with car sales up 2.8 per cent.

West German arm of Ford Motor

About 898 600 nassenger cars

About 898 600 nassenger cars West German arm of Ford Motor of the US, yesterday added his whice to the growing volume of complaints from German industry about the country's rising cost base and labour inflexibility.

Bot, as with several other recent complainants, the force of the argument was weakened by the simultaneous announcement.

West German arm of Ford Motor About 895,000 passenger cars and light commercial vehicles are produced in 1987 at the five production centres, a new volume of the argument was weakened by the simultaneous announcement.

About 895,000 passenger cars and light commercial vehicles are produced in 1987 at the five production centres, a new volume of the results, however, Mr Goeudevert struck a sombre reduction in working time was unacceptable and greater flexibility in the use of expensive plant and expensive production centres, a new volume of the results, however, Mr Goeudevert struck a sombre reduction in working time was unacceptable and greater flexibility in the use of expensive plant and expensive production as the consolidates its position as the consolidates its position as the production of the results, however, Mr Goeudevert struck a sombre reduction in working time was unacceptable and greater flexibility. of record volume and profit fig-

The work of the control of the contr

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Kr258m

and the first of the home Unings the Sampapore Co tom:

and the Profit (Browner)

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on value 200

After two years of heavy losses in 1984 and 1985, the company recorded net profits of cent. Ford's market share in DM587m (\$341m) in 1986 and has now topped those with DM810m to 10.4 per cent. The response to for 1987. Total sales rose 2.4 per these sales has been to increase cannot think of ourselves in 180-lation, particularly if we remember that in 1992 the EC becomes the world's larget domestic market, "Mr Goeudevert said. Between 1987 and 1991 the company plans to invest DM5.3bm.

Mr Goeudevert also reported a "One thing is quite clear we buoyant start to 1988 with domes-cannot think of ourselves in iso-Mr Goeudevert also reported a

SMH sees further improvement

land's higgest watchmaking quartz, analogue-style movement group, during the first four delivered to Hong Kong had been months of 1988 rose substantially, mr. Nicolas Hayek, the chief exection of 1985 to Y650 in utive, said yesterday. He was December 1987. confident that his restructured

confident that his restructured concern would report another profit increase in 1988.

The improvement in earnings last year and so far this year had been realised under pressure of severe price-cutting by SMH's main Japanese competitors, Mr Hayek noted. This had been particularly apprecation Japanese. ticularly apparent in Japanese exports of watch movements to

exports of watch movements to producers in Hong Kong.

As reported earlier, net earn-swatch, the cheap, accurate plastic watch produced in a multiplicative of SMH's watch division.

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As reported earlier, net earn-structured in a multiplicative of SMH's watch division.

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As reported earlier, net earn-structured in a multiplicative of SMH's watch division.

As reported earlier, net earn-structured in a multiplicative of styles, of which 40m had been sold by December last year.

However, Mr Hayek said SMH had lost no market shares last year and was already implement-ing a policy of "selective count-er-attacks." His confidence in a good 1988 result was based on SMH'a continuing sales growth and the cost-cutting measures already taken.

As reported earlier, net earn-

EARNINGS of SMH. Switzer- said the Japanese price for a SFr150m and the board proposes land's higgest watchmaking quartz, analogue-style movement to increase the dividend from 5 cent to 6 per cent. SMH, the result of a merger in 1983 at the height of the crisis in

Swiss watchmaking, has been completely reorganised and launched into technical innovation by Mr Hayek. Among its leading hrand names, Omega and Tissot have been returned to profit and Rado is being similarly restructured.

But the most prominent sign of SMH's recovery has been the

CIR to gain \$1bn red at from Buitoni and net level Perugina merger

By Our Financial Stati

DEN NORSKE Creditbank, the big Norwegian bank, expects to lose some NKrl.lbn (\$174m) on CIR, the holding company controlled by Mr Carlo De Benedetti, while 27 ordinary CIR shares are is to receive LL,340bm (\$1.05bm) of cash as a result of its planned incorporation by merger of the issue of 89.4m new CIR shares. The net equity of CIR will be a chosen to be a company of the comp loans this year but still hopes to show a net profit by the year-end.
For the first four months the
bank's operating profits fell from
NKr431m to NKr278m, while at the net level there is a loss of NKr99m, against a net profit a Perugina, the pasta and choco-loate concerns whose assets have been sold to Nestle of Switzer-Buiton

ear ago of NKr140m.

DnC said that losses on loans DnC said that losses on loans and guarantees were expected to emerge at NKrl.lhn for 1988 as a whole, compared with NKrl.194bo in 1987.

"We are oot satisfied with these figures, but we have achieved an acceptable operating and the before before losses and believes."

profit before losses, and believe DnC will achieve a net profit by year-end," Mr Harald Arnkvaern, deputy managing director, said.

The bank was hit hard by the October stock market crash and losses on loans, which this spring triggered a major restructuring of the bank's management and

nvestment strategy. DnC's total assets have shrunk to NKr119bn from NKr127bn on January 1 this year. Weak interest margins have burt the bank's domestic operations, but foreign subsidiaries have shown a profit

so far this year.

The bank, formerly Norway's largest, has now slid into second place, behind Christiania Bank. The assets decline is due mainly to reduced deposits in other banks. However, the reduction in total assets has led to an increase in equity capital to 6.4 per cent of

assets, np from 6 per cent of assets, np from 6 per cent. The Norwegian central bank stipulates that Norwegian banks must have an equity capital of at least 6.5 per cent of total assets. Plans for a share issue may be unveiled during the autumn. DnC said its foreign operations were improving. They contrib-uted a net profit of NKr57m for

the four months, of which 50 per cent were at DnC London. Perstorp 36% ahead at eight months

lower financial expenses, and

PERSTORP, THE Swedish speman, said yesterday the Also transaction would not be the last of its acquisitions.

Also is to issue 18,000 new participation certificates to be subscribed by Schindler at SFr1,300 seek to rice more than SFr2,300.

The RSTORP, THE Swedish specially chemicals and plastics transaction would not be the last of its acquisitions.

SKr404m (\$67m) in its first eight months to April 30, 1988, writes seek to rice more than SFr2,300.

scribed by Schindler at SFr1,300 | Sara Webb in Stockholm.

Schindler will further acquire a packet of Also registered shares.

Skr530m and Skr600m, representing the rise came from acquirisities last year achieved in an increase of 28-40 per cent in the same 1986-87 period. Most of the rise came from acquirisities last year achieved in an increase of 28-40 per cent in the same 1986-87 period. Most of the rise came from acquirisities last year achieved in an increase of 28-40 per cent in the same 1986-87 period. Most of the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities last year achieved in the rise came from acquirisities achieved in t Schindler last year achieved ing an increase of 28-40 per cent group sales of SFr1.8bn. on 1986-87's SKr430m.

Perstorp said the profit coming from changes in prices increase so far this year was and product mix. Sales of specialty chemicals helped hy several acquisitions,

rose 16 per cent to SKr526m, and of surface materials by 25 per large investments in new products and plants over recent years.
Group sales rose hy 16 per cent
to SKr3.37bn, against SKr2.89bn cent to SKr88im.

Perstorp said it had invested SKr305m in fixed assets such as new plants so far this year, and that investments for the full year, including company acquisiumes (7 per cent), with 3 per cent tions, would exceed SKr500m,

With appearance of minimating on minimating at the sinc more and minimating and appearance of the second minimating at June 13, 1907 [the 'Notes'] [the which \$20,000,000 were outcanding at June 13, 1907]

(b) a price to give a gross redunction traid equal to that calculated by reference to the price of cross of pushings in New York on the day between the date of acceptance lab set but in "Acceptance and Contenent" belowlet US Treasury Notes 5 I/C per cent due May 21

To accept the other Notetholders should contact Secretal International pic packing on behalf of Boyar Industries Agrat 61-377 (2000,6-97-2017 SVENS-B 6, attention Cared Outsides at any time before the final Date is Acceptance. The date of acceptance will be the date specified as Secretal International picts teles confirming the purchase with acceptance picts teles confirming the purchase with acceptance Notes had severe date after the natural Secretal Industries AB seven days after the natural secretary consistency of the Notes and will include settlement to seven days from the date of acceptance,

by presentation at the relevant Notes to Scenak International pic of their offices (*) Deventure Square Lendon ECN4 600 at any time believe the final Date for Acceptance.or which case dislusts will be deemed to have been made hed business days after

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as Fiscal Agent

NOTICE TO HOLDERS OF

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99 Bishopsgate, London, EC2M 3TA, United Kingdom

Swedish banks lift income

The net equity of CIR will increase from L1,578bn to

Buitoni and Perugina share-holders are being offered the

Inaid.

The board of CIR, Perugina and Buitoni, yesterday approved the merger plan. CIR owns 65 per for the cash option is technically cent of Buitoni, which in turn owns 82 per cent of Perugina.

The Buitoni proceeds will redoce CIR's borrowings from Perugina ordinary shareholders and Perugina ordinary shareholders.

11 08th to 1640hr CIR's current

L1.98bn to 1.640bn. CIR's current L4.091 per share until June 28.

Compared to yesterday's Bultoni share price on the Milan of Mr De Benedetti who wish him bourse the cash option is 18 per

to buy out their shares in Société
Générale de Belgique.

Buitoni shareholders are being
offered seven ordioary CIR

buttoni shareholders are being
offered seven ordioary CIR

cent lower. The cash on offer is
43.7 per cent below the value per
share placed on Buitoni in the
merger proposal.

BY SARA WEBB IN STOCKHOLM

BY ALAN FRIEDMAN IN MILAN

SKANDINAVISKA Enskilda Banken and Svenska Handelsbanken, Swedeo's leading and second largest hanks, respectively, reported higher profits for the first four months of 1988, helped interest income.

Handelsbanken's group profits on last year's SKr4,05bn. increased by 25 per cent to SKrl.21hn (\$200m), from SKr966m a year ago, helped by a strong increase in lending and better interest margins for its Swedish kronor operations. Interest margins on foreign exchange activities were lower this year.

Total income rose hy 17.5 per cent to SKr2.56bn, belped by a 15 per cent rise in interest income and increased profits oo bonds.

Handelsbanken said it would set up a subsidiary in Frankfurt in order to increase its activities within the European Community. S-E Banken reported a 15.4 per cent increase in profits to SKr1.42hn and forecast an improvement in full-year profits

Total income rose by 11.4 per cent to SKr3.11bn, with interest income increasing by 18.6 per cent to SKr1.93bn. S-E Banken's lending in Swed-

ish kronor increased on average hy 26.8 per cent, compared with the same period last year. Total costs increased by 6.8 per cent, partly due to costs entailed in opening new offices abroad, the bank said.

Up to U.S. \$100,000,000 THE SOCIETY FOR SAVINGS

Collateralized Floating Rate Notes Due 1991 of which U.S. \$50,000,000 is the Initial Tranche and U.S. \$25,000,000 is the 1st Subsequent Tranche

Notice is hereby given that the Rate of Interest has been fixed at 7.9375% p.a. and that the interest payable on the relevant Interest Payment Date, December 15, 1988 against Coupon No.4 in respect of U.S.\$25,000 nominal of the Notes will be U.S.\$1,008.72.

June 15, 1988, London By: Ciobank, N.A. (CSSI Dept.), Agent Bank

Neue Heimat to change status

By Our Financial Staff

NEUE HEIMAT, the beavily debt laden West German housing co-operative, plans to become an Aktiengesellschaft, or public limited company, switching from its present GmbH status.

A company official said the legal change was purely to give the company more flexibility for necessary restructuring. The move did not mean the group was seeking other shareholders. It is expected that Nena Heimat will be disbanded next year. Neue Heimart is owned hy West German unions.

INVESTOORP

Schindler computer deal BY JOHN WICKS IN ZURICH

SCHINDLER, the Swiss lift maker, is to acquire a majority shareholding in Also Holding, a supplier of personal computer systems which last year had sales of SFr185m (\$128.5m). Also, which gets some 57 per

cent of sales from West Germany, has grown rapidly by acquisition since its formation in 1984. It had a loss of SF77m last year, against 1986 profits of SFr8.1m. However, sales trebled in 1987 and Also said yesterday all main

The Also acquisition marks a further step by Schindler to diversify. Last year it bought a controlling stake in a Swiss pro-ducer of railway equipment. Mr Alfred Schindler, the chair-

operations were in profit during the first quarter of 1988. First-quarter sales totalled SFr60m.

International Investment Banking

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SOCIÉTÉ NOUVELLE CHAUMET S.A.

FF 220,000,000

to partially finance the acquisition of certain assets from

CHAUMET & CIE.

INVESTCORP

Financial restructuring by: **BANKERS TRUST COMPANY**

BREGUET INTERNATIONAL S.A.

as acquired the shares of

(FRANCE)

BREGUET S.A.

INVESTCORP

BREGUET INTERNATIONAL S.A.

FF 70,000,000 to partially finance the acquis-of shares of

BREGUET S.A. (FRANCE)

Arranged by:

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Financial restructuring by:

BANKERS TRUST COMPANY

CORPORATE INVESTMENT

REAL ESTATE INVESTMENT

PORTFOLIO MANAGEMENT

TRADING

George Graham on consequences of the French SE's FFr500m loss

Bourse tensions bubble to surface

Regis Rousselle: appointed

proportional to trading volume

James Capel

THE RESIGNATIONS yesterday of the chairman of the French Stock Exchange, Mr Xavier Dupont, and its chief executive, Mr Philippe Cosserat, have completed the turmoil raging in the Paris financial world since Friday, when the exchange admitted it had lost FFr500m (\$86.2m) in unsupervised dealings on its reserve funds.

Mr Dupont, as syndic of the old Chambre Syndicale des Agents de Change and chairman of the new Société des Bourses Francaises (SBF) which replaced it this year, has presided over a

far-reaching stock market reform. Ha has both kept up the pace of the bourse's much needed modernisation and dug his heels in from time to time to defend the interests of the stockhroking community and prevent things from changing too fast.
But his departure, and the call

for FFribn of new capital to top up the exchange'e funda as a firms have maintained a clear result of the losses, unleashes the barely concealed tension between the banks, which were this year allowed for the first time to buy into stockbroking firms, and the

and 100 per cent in 1990. But it will be mostly on them that the burden of replenishing the

The replenishment is divided orders, which have grown to be a into two halves: a FFr500m capi-tal increase guaranteed by the privatisation programme tripled leading French banks and institu-

terday suggested that the capital networks, but the stock exchange increase, underwritten essentially by the leading French banks, would have to be paid for



Xavier Dupont: presided over far-reaching reform

majority of the SBF's board, and Mr Dupont will be replaced as chairman by Mr Regis Rousselle, head of the broking firm Meeschaert Rousselle. But the banks, which in financial clout far outonly up to 30 per cent of a broker, rising to 50 per cent next year and 100 per cent in 1000 per cent in 100

This could mean a shift in the exchange'e etance on questions burden of replenishing exchange's capital and guarantee such as the ending or the treatment of small share transaction ment of small share grown to be a the direct share-owning popula-

tions which have bought into brokers, and FFr500m from a key on broking firms.

Several bankers in Paris yes and sell orders from their retail rejected this idea as an infringement of its monopoly.

A recent compromise solution,

investing in computer equipment and new offices, the levy could weigh heavily on income, and bonuses are expected to suffer. Trade unions representing the

employees of broking firms met yesterday to discuss the situation, which could imperil the already delicate negotiations being undertaken on the collective stock exchange staff agree

The fallout from the affair may not spare the French Treasury. which has closely controlled the transformation of the stock exchange, from the introduction of screen-based continuous trad-ing systems to the creation of markets in financial futures and stock options and the opening np of hrokers' capital to outside

investors.

Some hankers are already to replace Dupont demanding an explanation of why the Treasury, which is The details of the levy on brok understood to have heen ing firms have yet to be decided, informed about the stock and are causing a fierce debate in exchange's FFr500m trading losses last year, helped to over the disease for the details of the levy on brok. tions of a flat levy of up the disaster for six months.

about FFr20m per firm are being bitterly resisted by the smaller The revelation of the shortfall the latest in 8 sequence of sub-stantial losses mainly incurred in firms, especially those which have not yet sold out to a bank and which would be hard put to the Matif financial futures mar ket or on options on Matif con-tracts, has dealt a blow to Paris's find the money - especially as commission income in the first four mouths of this year has been

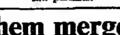
four months of this year has been about 40 per cent lower than in the same period of 1987, even if trading volume is now picking foreign securities houses which were thinking of setting up banker based in Paris. could also run into opposition, especially from some of the for-eign institutions which have

But it does not seem to have put off those who have already set up shop.

bought stakes in French brokers, We are very pleased with our such as Barclays, Warhurg or acquisition, and have seen our market share shoot up," said Mr Jamee Ferguseon, of Jamee Capel, the UK broker which has They are expected to argue that the reserve fund's disaster has nothing to do with them and by an increase in their influence over the stock market's future the stock market's future the stock market's future development.

Until now, the old hroking the following day's opening price.

Which is being boycotted by such should be settled by the brokers taken a stake in Dufour-Koller - if necessary out of the money Lacarriere with the intention of moving to full control when the law permits.



Consortium to place shares after Enichem merger

A CONSORTIUM of Italian and nerger of the state-owned Eni-

Mr Luigi Arcuti, chairman of new chemicals venture, which is completed by the end of July.

MI, the medium term credit being billed as the most important that his tant post-war rationalisation of have about \$100n a year of sales, the italian chemicals industry.

Will contain the whole of Eniforeign banks will be assembled IMI, the medinm-term credit to place between 15 and 20 per institute, has announced that his cent of the shares of the joint bank, along with two others venture chemicals company Mediobanca and Crediop - plans expected to result from the to lead the consortium. ENI and Ferruzzi, the two hold-

the Italian chemicals industry. will contain the whole of Eni-A letter of intent outlining the chem, which last year had Enichem-Montedison merger plan L6,200bn (\$4.85hn) of revenues, was signed last month and a and a series of base chemicals, chem and the bulk of Montedison, are likely to have 40 per cent each of the



These Notes having been sold, this announcement appears as a matter of record only.

MÁY. 1988

Banque Française du Commerce Extérieur

¥25,000,000,000

4³/₄ per cent. Notes due 1993

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The Republic of France

Issue Price 1013/4 per cent.

IBJ International Limited

Bank of Tokyo Capital Markets Group

Bankers Trust International Limited

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited

BNP Capital Markets Limited

Daiwa Europe Limited

Crédit Lyonnais

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

Kuwait Investment Company

LTCB International Limited

Mitsubishi Trust International Limited

Mitsubishi Finance International Limited

Morgan Stanley International

J.P. Morgan Securities Ltd.

Nomura International Limited

Nippon Credit International Limited

Société Générale

SBCI Swiss Bank Corporation Investment banking

S.G. Warburg Securities

Yasuda Trust Europe Limited



Peter Engstroem: disagreed over direction

Engstroem to head Gadd advice service

By Stephen Fidler, romarkets Correspondent

THE FORMER head of the international borrowing of the Swedish national debt office, Mr Peter Engstroem, has joined J.S. Gadd, the finance house established early last year hy Mr Staffan Gadd, former chairman of Samuel Mon-

Mr Engstroem, 43, left UBS Securities late last year, where he was managing director responsible for the primary market division of Union Bank

of Switzerland (Securities). He cited disagreemente about the direction helng taken by the firm and the difficulties in working in a large organisation. At Gadd, which he will join

in the next few weeks, he will be managing director of a new capital markets advisory service, to be part of the firm's corporate finance department. The aim is to provide inde-

pendent advice on the interna-tional markets to companies thinking about borrowing, and to financial intermediaries making decisions about their role in the international mar-

Mr Engstroem said he had known Mr Gadd, who established Scandinavian Bank in the late 1960s and was subsequently chairman of Midland Montagu until his resignation m December 1984, for many

Gadd's current activities in the international markets include private placements, international listings, mergers and acquisitions, stockbroking, insurance broking and financial public relations. The oecessary for the firm to become a fall service house, it

Building society financing to securitise loans

By Our Euromarkets Staff

THE FIRST financing to securitise mortgages for a UK building society was announced yesterday. The transaction will allow the Leamington Spa Building Society to move up to £200m in mortgage loans off its balance sheet, to a specially established company called United Mortgage Corporation, which will itself act primarily through the Eurocommercial through the Eurocommercial

paper market.
The ECP programme for up to \$350m has been rated A1 by Standard & Poor's and P1 by Moody's, and three dealers

Moody's, and three dealers have been appointed: Credit Sulsse First Boston, Citibank and Shearson Lehman Brothers. The funds from the programme will be hedged into sterling.

Providing liquidity support for the programme will be a £180m, five-year multiple option facility which was launched into syndication yesterday. The loan is heing arranged by Banque Paribas and has also been underwritten by Paribas, Banque Nationten by Paribas, Banque Nationale de Paris, Fuji Bank and Mitsubishi Trust. A further £20m is being provided by Paribas through a £20m bridging fecility.

Chemical Bank Home Loans will provide mortgage admin-istration services and Baring Brothers has structured the transaction.

 Brysons International Bank, an affiliate of Hees International Bancorp, a US merchant bank, has arranged a \$100m Eurocommercial paper programme through Merrill Lynch International Citicorp and S.G. Warburg have also been appointed as dealers.

Austrian Airlines issue opens low

THE NEW shares issued by state-owned Austrian Airlines on the Vienna Stock Exchange opened at a lower-than-expected price, according to Austrian brokers, Our Financial Staff writes.

The offering of 485,600 ordinary shares at Sch2,100 per nominal Sch1,000 share ended their first day at Sch2,160.

Optimists given go-ahead by low US trade figures

the Eurobond market, and prices in most sectors closed markedly firmer after a brisk day'a trade. revised \$11.7bn in March, came in who usually find more favour well below median market fore-

casts of \$12.5bn, sending the US dollar np to its highest levels in Europe since last October. The better-than-expected figures also took many Euroboud market participants by surprise, prompting an initial scramble to rectify short positions in Eurodollar and

The key 30-year Treasury bond rose by well over a point in Lon-don trading, sending its yield below 9 per cent to close at 8.83 per cent in London. Longer-dated Eurodollar bond prices also rose by about a full point with rises of between % point and a full point posted by shorter maturities.

US Treasury bonds.

Dealers said the data provided the unamhiguous good news which the market had been waiting for to confirm the vastly improved tone which had been detected over the last few weeks. Several issuers are now expected to come to the Eurodollar sector to take advantage of an improved investor appetite for dollar-denominated securities.

Syndicate teams remained on the sidelines until after the US trade data were announced yes-terday and only one dollar

mooday's two 10-year deals for week for Helaba Luxembourg, a Sales. The coupon on the five-week for Helaba Luxembourg, a subsidiary of Hessische Landesbank Girozentrale which are two-year \$250m bond at 100.925 per cent with an 8½ research to the five-year and solder issue of the sales. The coupon on the five-year deal is indicated at % per cent.

A SFr100m five-year 4½ per cent with an 8½ research to the five-year bank Girozentrale which are solded in the five-year bank Girozentral

39.89bn gave a long-awaited Dealers said the pricing was a Assom issue for BIL, a four-year go-ahead to cautious optimists in little on the tight side but was in deal with a 13 per cent coupon line with the borrower's usual deal with a 13 per cent coupon issuing policy. The issue was not and 101% issue price. The issue deemed as attractive as either of was bid at a discount of 1% The April figure, down from a Monday's two deals for issuers with investors. Both issues were still trading comfortably within

INTERNATIONAL

fees vesterday.

on the GMAC deal was expected to appeal to investors who are keen to keep to the defensive end

seem set to take advantage of the improved market tone to issue Eurodollar bonds in the next few days. Another major French borrower is runoured to be in the market for a dollar issue but the deal failed to emerge yesterday. There was no further news on a transfer of the province of the province also ended firmer. In Switzerland, prices in mixed with lack of buyer the deal failed to emerge yesterday. There was no further news on a transfer of the province also ended firmer. In Switzerland, prices in several with lack of buyer in the province and the price also ended firmer. In Switzerland, prices in the price also ended firmer. In Switzerland, prices in the price also ended firmer. In Switzerland, prices in the may reage of % points and the prices also ended firmer. In Switzerland, prices in the may reage of % points and the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices in the prices also ended firmer. In Switzerland, prices also ended firmer.

In equity-linked deals, Nomura priced at 101%. International brought Fuil Photo to the market with a four-year \$400m equity warrant deal on which the coupon is indicated at 3% per cent. Dealers said the deal straight bond finally emerged, saw healthy demand and was although several more are antici-

its indicated par issue price.

Morgan Stanley brought the
first Canadian dollar issue of the two-year \$250m bond at 100.925 joint lead managers on the issue. The C\$60m three-year 10 per cent coupon. The lead manager, Salomon Brothers International, said the deal was priced to yield 39

YESTERDAY'S NEWS of an basis points (hundredths of a per-unexpectedly low seasonally centage point) over comparable adjusted US April trade deficit of US Treasury issues at the launch, 39.89bn gave a long-awaited Dealers said the pricing was a

against total fees of 1%. Compagnie Bancaire issued a Yebn five-year step-up coupon bond priced at 101%. LTCB international led the deal on which the coupon will be 2 per cent for the first two years, rising to 6%

per cent thereafter.

Late in the day, Swedhank issued a five-year YiGhn deal which will be redeemed at a rate linked to the Nikkel Dow stock index. IBJ International led the five-year targetted deal which However, the short maturity was priced at 101% and on which the coupon will be 2 basis points over the Japanese long-term

prime rate. In West Germany, the US trade of the yield curve.

More US corporate borrowers figures boosted a firmer tone seem set to take advantage of the improved market tone to issue the indicate the point between the provided firmer.

In West Germany, the OS these figures boosted a firmer tone seem all day. Domestic honds finished an average of % point between the point between the point is the point between the point in the pext few terms of the point between the point between

In Switzerland, prices finished mixed with lack of buyers limit-ing gains. Swiss Bank Corpora-tion ied a SFr100m deal for Oesreported euhstantial dollar terreichische Draukraftwerke. straight issue for New Zealand. The 10-year 4% per cent deal is

Citicorp Investment Bank (Switzerland) brought a convertible deal for Japanese construction and civil engineering company. Uskigumi. The coupon on the four-year issue is indicated at

% per cent. Banca della Svizzera Italiana led a Sfr200m deal for Canon Sales. The coupon on the five-

first time yesterday and closed the day at 99, 1% points below its issue price.

Closing prices on June 14

FT INTERNATIONAL BOND SERVICE

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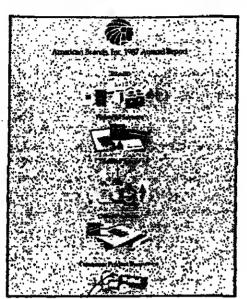
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FLOATING RATE		٠.		. :	
NOTES	Spread	254	Office	Calle	
Alberta 5 93.	+.0312	100.17	100.27	13/12	70
Alliance & Leic Bld 94 C	. 08	99.33		21/07	
Beigium 91		100.25	100.35		-
Britanela 593 E	014	99.81		8/07	83
Chase Manhattan Corp 91	O.	99.25	77.00	22/08	6.9
Citicorp 98	. 101	%.75			
EEC 3 92 DM	. IV-4			31,408	7.6
Hallfax BS 94 £	TU	.100.52	100.62		3.5
LIVE In Industry 94 E.	. T	99.70	99.76		8.4
Leeds Perm. B/S, 94 5		99.55		54100	7.8
Midland Bank 01 £	0.				8.3
Milk Mkt. Brd. 5 93 £	1	94.12			8.5
Mary Technol 5 07 6	U _A	99.73			8.8
New Zealand 597 £	.07				7 B
New Zealand 5 01	0	99.50			6.9
United Kingdom 5 92	10	100.00	100:10		6.9
Woodside Fin. 54 97	10	99.59	99.69		7.3
		99.36	99.41	19/08	.7.8
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CORVERTIBLE	Cor. C	Sav		-	
BONDS	date ;			4	_
N			d Offer	447	711

Annual Update

Part 1 was featured on June 14th.



American Brands

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ICE

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American Brands is a workiwide holding company. 1987 sales from continuing operations were \$9.2 billion and net income was \$4.60 per common share, both records. In the U.S. American Tobacco's brands include Pall Mail, Carlton, Tareyton and Lucky Strike cigarettes. In the U.K., Gallaher sells Benson & Hedges, Silk Cut and Berkeley cigarettes. Other leading lines include Jim Beam bourbon, ACCO office products, Titleist and Foot-Joy golf products and Master locks.

Financial services consists of Franklin Life and Southland Life.



Georgia-Pacific Corporation

Georgia-Pacific Corporation, one of the world's largest paper and buildi products companies, has just posted a record year. Georgia-Pacific generated nearly \$800 million in cash flow in 1987 and earnings per share grew to \$3.88 (excluding a \$.35 musual item), up from \$2.70 in 1986. Georgia-Pacific's 1987 progress was the result of better market conditions, improved product mix, increased cost competitiveness, and



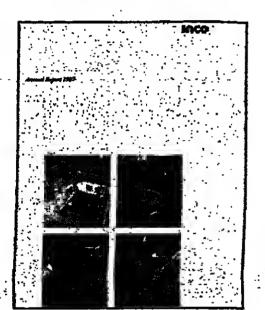
Giant Yellowknife Mines Limited

Giant Yellowknife Mines Limited is a significant producer of gold in Canada. It was incorporated on August 4 1937 and today its operation include mines in Timmins, Ontario and Yellowknife, Northwest Territories. The Corporation also conducts exploration in Ontario, skatchewan, the Northwest Territories and the western United States



Hemlo Gold Mines Inc.

Hemlo Gold Mines Inc. is one of North America's largest and lowest cost gold producers. In 1987, it's first full year of operation, the Company produced 369,000 ounces of gold at an average cost of CAS 126 an ounce. Net profits after that were CAS 53 million. It's first dividend was declared in October 1987. Hemlo has a commitment to growth. It has already budgeted CAS 7.5 million for 1988 grass roots exploration and has entered into equity financing arrangements with Viceroy Resources (California heap leach property) and Windarra Minerals (properties in northwestern Ontario south of Hemlo's Gold Giant mine).



Inco Limited

Inco Limited had 1987 sales of US\$ 1,789.5 million. Inco is the non-communist world's leading producer of nickel and a substantial producer of copper, precious metals and cobelt. Inco is also the world's largest supplier of wrought and mechanically alloyed nickel alloys as well as a leading manufacturer of blades, discs, rings and other forged and precision-machined components made from special alloy materials. Inco employs 18,700 in 18 countries.



Intermark

Intermark (ASE:IMI) is a billion-dollar operating/holding company which owns and adds value to well-established, mid-sized American growth owns and adds value to well-established, mid-sized American growth companies. Intermark currently owns controlling interests in nine such "Partner Companies" which operate in broadly diverse industries. Intermark's goal is to increase the intrinsic value (orderly break-up value under isvorable market conditions on a tax-sheltered basis) of its stock by at least 20% per year. Over the past 13 years Intermark's stock has appreciated at an annual compound rate of 40.3% versus 10.5% for the Standard & Poor's 500.



Jannock Limited

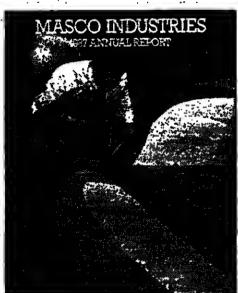
Jannock Limited had an excellent year in 1987. Consolidated net earnings for 1987 reached a record of \$68 million or \$2.46 per share which compares with \$46 million or \$1.77 per share during 1986.

Jannock is a diversified corporation with operations in a number of basic, high technology and service industries. It is North America's largest producer of clay brick and is a partner in two steel fabricating groups, one of which is Canada's leading consumer of raw steel. Jannock bolds a 50% interest in Lantic Sugar, which sells more than half the refined sugar consumed in Canada.



Lincoln National

Lincoln National Corporation (NYSE: LNC), is the nation's sixth largest insurance holding company. The company's assets exceed \$18 billion with annual revenues of \$7 billion. Life insurance in force totals \$150 billion. It markets individual group/life and health insurance, reinsurance, corporate pensions, annuities, property-casualty insurance and investment management services. Lincoln National enjoys the nation's highest market valuation among its peer companies on an earnings basis (as of 3/10/88).



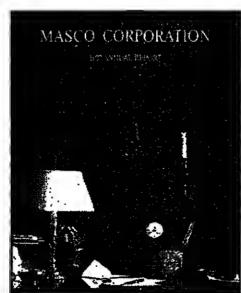
Masco Industries

unique industrial growth company.

"A Unique Industrial Growth Company"

Masco Industries is a technology-based company whose corporate objective is to achieve above average growth by utilizing our design, engineering and manufacturing skills to develop innovative processes and products for an expanding number of markets.

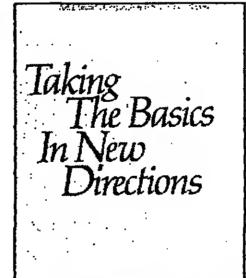
Our objective is to increase earnings per common share, on average, at least 20-25 percent annually and thus to establish Masco Industries as a surious industries around the company.



Masco Corporation

"A Unique Consumer Products Growth Company" Masco Corporation has reported 31 consecutive years of earnings increases. Sales and earnings have increased at average annual compound rates of approximately 20 percent.

Send for our 1987 Annual Report to learn why, we believe, Masco's earnings will continue to grow at an average annual rate of 15 to 20 percent annually over the next five years with our sales in 1992 approaching or exceeding SS billion.



McDonald's Corporation

The McDonald's System is the largest foodservice organization in the world. The Company, its franchisees and affiliates operate 10,000 McDonald's restaurants, each offering a limited menu of high-quality food, which can be part of a well-balanced diet. These restaurants are located in 47 countries around the world. The System has pioneered food quality specifications, equipment technology, marketing and training programs, and operational systems that are the standards of the industry throughout the world. McDonald's motto of Q.S.C. & V. translates into Quality food products; fast, friendly Service; restaurants known for Cleaminess; and a menu that provides Value.

Q.S.C. & V._McDonald's promise to customers every day around the world.



Muscocho

Please return coupon by August 19th, 1988.

Muscocho Explorations Ltd., a gold mining and exploration company operates in Ontario and Quebec. In 1987, the Company had an exceptional year, with an equity issue of \$18 million and positive production decisions. By early 1989, it expects to be producing gold at an annual rate of 100,000 ozs., versus the current production of approximately 20,000 ozs. As Muscocho matures it looks forward to further growth and progress from it's developing gold properties.

Part 1 was featured on June 14th.

Please send me	the following Ar	nmual Reports:

- ☐ 13 'American Brands, Inc.
- ☐ 14 Georgia-Pacific Corporation ☐ 20 Lincoln National ☐ 15 Giant Yellowknife Mines Limited
- ☐ 16 Hemlo Gold 17 Inco Limited
- ☐ 18 Intermark
- ☐ 19 Jannock Limited ☐ 21 Masco Industries
- ☐ 22 Masco Corporation ☐ 23 McDonald's Corporation
- 24 Muscocho
- "I also want these Annual Reports which featured June 14th and will feature on June 16th."
- ☐ 01 American Brands, Inc.
- 02 Ametek ☐ 03 American Express
- ☐ 04 American General
- ☐ 05 Ameritech ☐ 06 Bank of Montreal
- ☐ 08 BCE Inc. ☐ 09 CSX Corporation ☐ 10 Chicago Pacific Corporation

☐ 07 Bell Atlantic

- ☐ 11 Federal Mogul ☐ 12 Onex Corporation
- ☐ 26 NYNEX
- ☐ 29 Reebok International Ltd. ☐ 30 Repap Enterprises Corporation Inc.
- ☐ 31 Teva Pharmaceutical Industries, Ltd.
- ☐ 25 Nova Corporation of Alberta ☐ 27 PacifiCorp ☐ 28 Placer Dome Inc.

Country

To: David Owen, Financial Times Bracken House, Cannon Street, London ECAP 4BY, U.K.

Or. Brian Richardson, Financial Times 14 East 60th Street, New York, NY 10022, U.S.A.

Dawson hit

by \$ and

cashmere

price rise

March 31 1938.

Northern Foods matches City estimates with £77m

per cent stake, yesterday of 10p (9p).
reported pre-tax profits of £77.8m Mr Christopher Haskins, chair-

hy Northern's final withdrawal from the US which inflicted a go back into the US should Marks and Contributions. This includes recipe dishes, and Spencer decide to enter the convenience foods group — which includes recipe dishes, quiches, pies and deaserts — showed a 30 per cent increase in US food market. amounted to £2.8m compared Northern has reorganised its than 75 new products were with £10.6m last time. Northern UK and Irish businesses into four launched with M and S. Problems

for the year to March 31 1988, a man, said the final phase of chise next year. Increased effimodest increase on last year's restructuring was being comciences have been made in propleted and Northern, with no cessing and packing cartoned selective acquisitions. He said The convenience foods group

with £10.6m last time. Northern intends to retain its Canadian business, Northern Fine Foods.

However, the benefits of rationallsation and reorganisation in the UK started to come through in the second half with profits for the year increasing by 15 per cent.

Earnings per share were up by

UK and Irish businesses into four launched with M and S. Problems ond half with McLaren Meat Processors and Baron Meats being customer distribution adversely affected profits last year, were of three per cent on the previous still had spare capacity.

The meat group, which increased capacity for Fox's includes the Bowyers sausage and pie business, showed a marginal increase in operating profit.

See Lex

Share Prices

Jun 1987

increase in average oil production from the North Sea, Wytch Farm and Trinidad, from 5,770 barrels a day to 6,900 h/d. Aver-

age sterling oil prices also firmed

\$8.6m to £14.3m.

Premier drilled nine wells as

Northern Foods, a major supplier 9 per cent to 24.89p. The directors dairy market has led to heavy of foods to Marks and Spencer in recommend a final dividend of rationalisation of the group.

which Hazlewood Foods has a 3.6 5.75p making a total for the year Two-thirds of Northern milk rounds have been franchised with the remainder going to fran-



selective acquisitions.

benefits from investment improved profitability in the sec-ond half with McLaren Meat Pro-

Premier Oilfields doubles to £14.7m

Premier

Ollfields

BY STEVEN BUTLER

Premier Consolidated Oilfields, Britain's third biggest oil exploration and production company, doubled net earnings from 57.2m to £14.7m in the year to the end

The figures, expected in tha market, included a £3.66m. extraordinary gain on the sale of Premier's stake in Tricentrol, which was partially offset by a writedown of Premier's 2 per cent stake in Ultramar. Ultramar's share price has risen since the end of the accounting year.

Mr Roland Shaw, chairman, said that Premier would be interested in acquiring Ultramar's Indonesian assets should Ultra-mar be taken over and split up, although be also regarded the share holding as a sound invest-ment based on Ultramar's potential performance.

Mr Shaw has met with other major shareholders in Ultramar. although he declined to go into details of the discussions. Premier's turnover rose by 39

North Sea wells, five appraisal wells in Trinidad and one well each in Thailand and Papua New Guinea. It will participate in 38 other exploration, development

> Mr Shaw said cash flow was sufficient to fund current operations. The company has just completed a \$200m credit facility and had net cash of £25m.

The chairman added that Premier was in negotations with several major oil companies on a farm-ont arrangement for its ity to find substantial quantities exploration acreage in Thailand of oil. On this score, its record and Papua New Guinea. Under these arrangements, Premier's partner would undertake future drilling expenses in exchange for a percentage share of the field. Premier has completed extensive seismic studies of the area and over the period. At the pre-tax seismic studies of the area and level, profits increased from has located several drilling pros-

other wells. In the current year.' No dividend was declared Premier expects to operate three although the company plans a one-for-10 scrip issue.

comment

The benefits of Premier's share-for-asset deal with Burmah showed through again in yester day's results. Premier now has a sizeable cash flow from which to finance its drilling programme. Premier has emerged as a solidly financed company that is brim-ming with cash and the opportunities are probably better than ever to show that it has the ahilhas been middling at best, which perhaps explains in part why its matched its rivals in the independent sector. Even so, hy most reckomings the share price has already ontstripped its asset base. Whether that premium is justified is likely to be proven in the next year or so when share per cent in the year under review operator since the end of March to £26.3m. This reflected an 1967, and has participated in 15 1987-88 rose from 1.86p to 3.14p. proposed drilling programme.

Acquisitions help lift BSS to over £10m

BSS Group, industrial distribution company which supplies over.
The figures include a maiden "When there is a boom in the lifting the shares 10p to 383p. The heating, pipeline and mechanical services equipment, yesterday reported pre-tax profits 29 per cent ahead at £10.12m for the year to March 31. The advance from £7.83m was achieved on turnover 22 per cent higher at \$10.525m.

The figures include a mandem. When there is a boom in the bilding the shares 10p to 383p. The building industry we have more decision to abandon manufacturing and concentrate on distribution has proved a sound one, as this is plainly where its expertise from £7.83m was achieved on turnover 22 per cent higher at \$10.525m.

The figures include a mandem. When there is a boom in the bilding the shares 10p to 383p. The building industry we have have have have have have a recession our maintenance that is plainly where its expertise from £7.83m was achieved on turnover 22 per cent higher at \$10.12m for the copper tubing business leaps up.

Interest payable declined from the dissection to abandon manufacturing and concentrate on distribution has proved a sound one, as this is plainly where its expertise lies. BSS knows its market well the providing a providing and Flumbing business leaps up.

Extraordinarily well, I'd like to surnover 22 per cent higher at \$10.12m for the copper tubing business leaps up.

Extraordinarily well, I'd like to surnover 22 per cent higher at \$10.525m.

makes a total for the year of 12p

acquiring specialist distribution chants, hospitals and local Tax took £3.67m, compared companies operating in fields authority buildings, the oil and with £2.79m last year. where it has a good knowledge of petrochemical industry, mechani-the basic market. It acquired AM cal services contractors and man-Supplies (pumps and controls) last October and Ivco Process Valves last December, which related to new construction and

(9.25p).

In the past year, BSS, formerly
British Steam Specialities, disposed of its manufacturing activities and continued its strategy of acquiring specialist distribution

SS supplies everything to do has 35 BSS outlets in the UK and with pipework systems – ferrous, copper and plastic pipes, nine Ivco and six AM Supplies branches. It plans to open three more BSS and one Manor cutlet builders and plumbers meratics and continued its strategy of acquiring specialist distribution chants, hospitals and local Tax took £3.67m, compared

About half of BSS's business is

PREMIER CONSOLIDATED

OILFIELDS PLC

YEAR OF RECORD RESULTS

PRODUCTION UP 20%

TURNOVER UP 39%

PRE-TAX PROFIT UP 66%

NET PROFIT UP 104%

£000

20,344

7,211

1.86p

£000

26,282

14,333

14,700

3.14p

A one for ten bonus issue will be proposed at the AGM on Tuesday 26th July 1988.

Premier signed on 7th June 1988 a \$200 million credit facility to cover Wytch Farm

66 Premier's holding of 6.3 million net acres of exploration

Copies of the Annual Report may be obtained from the Secretory, Premier Consolidated Citholds plc.

rights in nine countries backed by production cash flow, substantial credit facilities and a strong balance sheet ensure

the Company's potential for further progress.>>

The preliminary unaudited results for the year ended

Oil and gas produced 6,900 bld 5,770 bld

development costs and for general corporate purposes,

23 Lower Beigrave Street, London SW IW ONR from 4th July 1988.

31st March 1988 are as follows:

Turnover

Net profit

Pre-tax profit

Earnings per shore

Earnings per share rose 27 per cent, from 27.4p to 34.9p, and a proposed final dividend of 8p makes a total from the dispersion of the original businesses and from before they were utilised for manufacturing rom the dispersion of the original businesses and from before they were utilised for manufacturing rom the dispersion of the dis Manor, he added. acquisitions. The company now has 35 BSS outlets in the UK and

comment

It has been a good year for BSS

PREMIER PLANS TO DRILL

• 3 wells offshore Wytch Farm

• 1 well in Papua New Guinea

THIS COMING YEAR:

• 3 UK onshore wells

• 1 well offshore Sicily

24 development wells

Roland Shaw, Chairman

onshore Wytch Farm

• 5 wells in Trinidad

• 1 well in Thoiland

• 5 US wells

6 UK North Sea wells

overnight service. Demand for both industrial/commercial and domestic heating products was continued to boom, and the replacement market has seen a quite significant boost in the last few years. Though some doom merchants are predicting a con-struction downturn, others are equally vehement that trading will remain robust. Analysts are looking this year for pre-tax profits of between £11m and £12m, putting the shares on a prospective n/e of just above 9 - very

Meyer offshoot in £8m site disposal

Meyer International's builders' merchants subsidiary, Jewson, has sold a 14.5 acre site at Bury St Edmunds for £8m. The book value is about £400,000. The site is currently used as a Jewson branch which is being relocated

In 1987 the group sold over 20 former trading sites which resulted in an overall net pre-tax profit against book value of £7m.

comment

Hi-Tec ready to kick off stock market career with £55m offer

Dawson International, the Scottish textiles group, yesterday turned in flat pre-tax profits of £47m compared with £46.67m, for the year ended Mr Ronald Miller, chairman, said that it was a frustrating group at £55m.

year.He explained that profits would have been about £3.8m higher without the dual problems of the falling dollar and rises in cashmere prices as a result of the "open door" policy of China, the world's main supplier. The profits were, in any case, flattered by comparison with the previous year by a £1.7m extra contribution from acquisitions. Sales, about 65 per cent of which are outside the UK,

increased by six per cent to £355.31m (£334.43m). Within this, Scottish branded knitwear - which incorporates the well-known Pringle range sells around 6m pairs of shoes worldwide. They are designed in Britain but the manufacture is increased by 2.2 per cent to £79.86m (£72.27m), European fibre processing by 7 per cent to £164.44m (£148.41m), and

tax margin was nearly one per cent lower at 13 per cent. Helped by a lower tax charge, earnings per share came out at 20.4p (20.1p). But there is a final dividend of 5.4p making 7.8p for the year, a 13

US operations by 8 per cent to £101.15m (£94.06m). The pre-

per cent increase. The change in China to entrepreneurial peasant pro-duction of cashmere led to sbortages of snpply, forcing Dawson to pay a premium over

contracted prices Mr Miller said the company had begun a new marketing pusb in the US market for cashmere - considered less price sensitve than Europe. Specialist retail outlets were acquired in January for the first time with the purchase of Cashmere Cashmere. Last week, initial distribution of two new upmarket ranges, one designed by Oscar de la Renta, the US designer, started in New York department stores.

The integration of two US companies acquired in 1986, J.E. Morgan, maker of thermal underwear, and Duofold, best known for its turtle neck sweaters, cost £1.5m.

Associated Products, a US sbower curtain maker, achieved strong sales growth and the switch to higher Within branded knitwear, the UK market recovered from

a poor first quarter. European markets performed strongly. In July last year Pringle's West German distributor was acquired, leading to increased

Does the person who pays £149 for a standard cashmere jersey today care if the price tag goes up to £209, as Dawson says it will next spring? The tricky question of the trade-off between price and volume is the cloud hanging over Dawson's otherwise mncb improved prospects now that the above-the-line knock of integrating the two mature US operations, J.E. Morgan and Duofold, has been taken, European and UK non-knitwear businesses are generally per-forming well, and autumn sea-son knitwear price rises appear to have been accepted by retailers. Dawson may make £52m this year, putting the shares - which have slumped on concerns about raw material prices and the dollar - still on a single-fig-ure prospective p/e. Cheap indeed, if the company, with its well-established brand posi-tion in the luxury end of its market, really has turned.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Alphamericfin	2.5t	-	1.75	3.5	2.5
Bradford Propfin	7	-	6	12.5	11
BSS Groupfin	8.	-	6	12	9.25
Chancery Secs.§fin	4.21	July 28	2.2	6	8.3
Colorvision §int	2.6	Aug 19	-	-	1.65
Dawsonfin		Aug 24	4.8	7.8	6.9
Devenish (JA)int	0.75	July 22	0.75	-	3
Erskine Housefin	3.6	July 27	2.8	5.21	4
F & C Smallerfin	0.8	•	0.7*	1.14	1.02*
Feedback 5fin	1.25	•	1.25	2.5	2.5
Locker (Thomas)fin	1.05		0.92	1.43	1.3
L'don/Clydesidesint	1.7	July 26	1.7	-	5.7
Normans Groupfin	1.15	Oct 1	1.05	2.2t	2
Northern Foodsfin	5.75	-	4.75	10	9
Oceana Deviotfin	2.2		nil	2.2	nil .
TGIfin	2.4	Aug 26	-	2.4	
Wardell Rbts 6fin	1.4	July 21	1.4	2.3	2.3
Yellowhammerfin	1.75	•	1.5	2.5	2.1

Dividends shown pence per share net except where otherwise stated. *Rquivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §\$Unquoted stock. §Third market. Airish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such	PUTURE DATES
meetings are assually held for the purpose of considering chydends. Official indications are not available as to whether the chydende are interime or line's and the sub-divisions shown below are beend mainly on last year's time- tables.	Grainger Trust Jule Konthaw (A) July Lowe (Robert H) Jule Rank Organisation July
TODAY Interlime- Australie Inv Tst, Hodgson Holdings, Jersey Beckelty, London Scotlish Bank, Norton Osax, Williambhy's Compellested.	Amber Industrial June Bristol Evening Poet Jai Caledonia Investments June Cropby (James) June Freshbuke Foots June Kowill Systems June

and Chris Woods were all left on and Europe. to Ireland at soccer on Sunday. But the sports shoe supplier which sponsors the three players. Hi-Tec Sports, is about to kick off its career on the stock market via an offer-for-sale which values the

The company was established in 1974 by its current chairman, Mr Frank van Wezel, and traded in its early years as Inter-Foot-wear (UK), selling the Dutchowned Inter brand of shoes. But the real growth of the company came after 1982 when the group created the Hi-Tec brand name; its squash shoe became one of the ten best selling sports shoes in the world.

Hi-Tec is now the leading sports shoe supplier in Britain, with 19 per cent of the market; it

PETER REID, Stave McMahon sub-contracted to the Far East • comment

products to complement its sports shoe range.

obtained against the company in a case relating to an alleged breach of contract; the company is facing other charges concerning alleged trade mark and copyright infringement. The directors intend to contest the proceedings vigorously.

not repeat the phenomenal performance of Reebok: only sporting enthusiasts should rush to fill the boots. But a prospective p/e of 11, assuming £1.5m pre-tax this year, is not a high price to ask and the issue looks likely to get away safely.

Hi-Tec has certainly conquered The company plans to expand the UK sports shoe market and in Europe and the US and to its recent growth record is develop other related leisurewear impressive; the main question is where it can go from here. Adi-des and Nike are likely to fight back in Britain; expanding over-Pre-tax profits have grown from £773,000 in the year to January 31 1984 to £6.53m last year, while turnover has grown from £18.65m to £52.85m over the same markets but it takes time, and markets but it takes time, and markets but it takes time. period Citicorp Scrimgeour Vick- marketing spend, to build up ers is offering 8.78m shares, 25 credibility in other sports like of just under 14 at the offer price.

The company has made a \$250,000 provision in its accounts to cover the potential claims in a court case. Judgement has been obtained against the company in a case relating to an alleged breach of contract; the company is facing other characteristics.

Rockfort plans £20m listing

sites and winning the planning consents for a project before seeking funding. To date, projects

have been pre-funded by the

institutions and Mr Smee does

not see this changing much.
But Rockfort nonetheless will

have more financial flexibility

Rockfort, the Reading based commercial and residential property profits should be near 27m. developer controlled by Mr Roger developer controlled by air roger

Somee, will latter this month seek as a property developer rather a full listing for an issue of new than a trader or investment com-

The disclosure of Rockfort's the buildings and then sells on intentions brings to five the number of property concerns which this week have announced mar-ket plans or listed shares. The others are Billingsgate City Securitles, Savills, Erostin and English and Overseas Properties.

A listing for Rockfort would dilute Mr Smee's equity from 63 per cent to under 40 per cent and Kleinwort Benson's 25 per cent the front end risk by purchasing stake to about 15 per cent. Klein-wort Benson, which is managing the issue, took 25 per cent of Rockfort in 1986.

Mr Smee started Rockfort in 1976 following a career as a pro-fessional footballer with Chelsea and Reading. In between training sessions and matches, he qualified as a quantity surveyor and cut his property teeth in an estate agent's office.

Over the last three years, fol-



Reading so far. Residential property has lately provided 15 per cent of group pre-tax profits and the plans are that this should grow to 25 per

after a listing. This will permit
faster growth — more projects in hitsch and retail — has spread out from Reading into the City of Mr Smee, "We will be able to London with projects of small consider more sophisticated fin-

Pentos floating off property side

That's why we are

English & Overseas Properties, ments for other retailers and them £490,000 in 1988 to £669,000 the property subsidiary of the then through the development of last year, while turnover expanded from £2.5m to £5.17m. The floated on the stock market with

a value of around £9m. British Linen Bank is placing 3.81m shares at 155p each, thereby reducing the Pentos stake to 29.9 per cent. Pentos has

agreed not to sell any of its remaining shares for a year. E&OP was founded in 1978 to provide the Pentos group with suitable sites for its retail operations. During the 1980s, it has expanded, first via develop-

USM placing for Appleby Westward

By Flona Thompson

Appleby Westward, West Country grocery wholesaler, is to join the USM via a placing which values the company at £7.2m.

Stock Beech is placing 1.21m. shares, representing 21.8 per cent of the enlarged equity, at 130p each, to raise £1.5m. Existing shareholders are selling 679,995 shares to realise £883,994 and 525,005 naw shares will raise 2582,506, before expenses.

Appleby Westward has three distinct husiness activities — wholesale grocery distribution. shopfitting and refrigeration, and commercial vehicle repair and servicing through its Volvo commercial parts dealership. Grocery distribution accounts for 95 per cent of turnover. The

company trades in an area from Bristol to Lands End, supplying groceries on a wholesale basis to 205 Spar retailers and 84 VG retailers. The majority of the Spar ontlets trade under the "Spar Eight till Late" banner. The VG retailers offer a similar range of merchandise and those who open long hours trade under the logo of VG Latestop. The group has increased pre

tax profits from £409,000 in 1986 to 1960,000 this year, putting the shares on an historic p/e of 10.7.

Yearlings up 1/4%

The interest rate for this week's issue of local authority bonds is 8% per cent, up % of a percentage point from a month ago, and compares with 815 per cent a year ago. The bonds are issued at par and are redeemable on June 21 1989.

A full list of issues will be pub-ished in tomorrow's edition.

Over the last three years, following an unhappy period with a construction subsidiary — "a bit like an own goal," Mr Smee conceded — Rockfort has achieved strong growth. Pre-tax profits, which had slipped to £26,000 in 1988, recovered to £664,000 in 1988, and reached £2.67m last year. The two core companies are Rockfort Land, which undertakes commercial property development programme involves 123,000 sq ft of office and retail space. "We're good on our home commercial property development programme involves 123,000 sq ft of office and retail space. "We're good on our home patch," claimed Mr Smee, "and medium size. The current aproject."

The percentage of turnover company is forecasting profits of relating to developments where not less than £1.15m for 1968. Pentos group companies were tenants was 44 per cent last year but that should fall to under 10 per cent during 1988.

Inc. less man 21.10m ng 1900.

The group has net tangible assets of 79p per share and the indicated gross dividend yield is 2.2 per cent. Dealings are expec-Pre-tax profits have grown ted to start on July 1.

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Arrows Limited is a finance company with a difference. As we approach a new decade we recognise the need to constantly adjust our horizons in keeping with the hi-tech industrial and commercial demands of a purbulent financial market place. We recognise the adverse effects that expansion can have on cash flow. We recognise the frustrations caused by capital tied up in stock.
We recognise the limitations suffered by other financial

FINANCING THE

institutions because of inflexible approach or inability to cope.

FUTURE

If you are a successful, expanding company of proven strength, with a turnover of not less than one million pounds, we can assist further growth or consolidation by providing off-balance sheer trading funds WITHOUT the need for tangible security, by re-financing your stock with us on a rolling credit basis.
Your company gains instant access to funds to which it may have been previously denied. It is a quick, convenient alternative to the difficulties involved in arranging overdual; extensions, factoring or other secondary lines of finance. And the cost? That is our key advantage.

We are no more expensive than the clearing banks and we believe our rates to be lower than those offered by any other financial

If you would like further information please contact the business

institution and we require NO TANGIBLE SECURITY.

development department at

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Please send me furti	microstico	F
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Amore House, Donbar Telephone 051-94	ARROWS LIMITED PRESPOST In Moure, Donham Road, Alembehren, Cheshell 11 2500, Telex: 667052 Asserve G. Far: 061-0	ire VCA14 1888. 28 6948.

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BID DEFENCES STRENGTHENED BY £35M ELECTRONICS SALE

Low & Bonar on acquisition trail

Low & Bonar, the Scottish packaging and plastics company, has strengthened its bid defences by Interesting about £35m through the sale of virtually all of its electronics interests.

"This gives us a strong balance sheet and enables us to go on the acquisitions trail." Mr Roland Jarvis, chief executive, said yesterday.

But so far, no increase in the Tomkins stake, nor any other "interesting" holdings, had been uncovered by use of Companies Act provisions to demand disclosure of beneficial ownership.

Letters of intent have been signed for the sale of seven of the electronics businesses. Disposal of the remaining two, should raise about £1m.

Mr Jarvis said the net proceeds of the sales were "around the lectronics of the sale of seven of the electronics businesses. Disposal of the remaining two, should raise about £1m.

interests.

In the company had rose to 220.6m from £18.6m only sheet and enables us to go on the scappilitions trail," Mr Roland Jarvis, chief executive, said yes terday.

Mr Jarvis originally said the electronics businesses were up for sale when the company that Tomkins, the industrial amnounced disappointing results holding group, had a two per cent for the year to November 1987 lackinstre pre-tax profits which to sure of beneficial ownership.

Letters of intent have been been boping for. In the UK, Farnell Electronics, aligned for the sale of seven of the electronics businesses. Disposal of the remaining two, should raise about £1m.

After the deals are completed, the writing bark of goodwill will reduced to and gearing will be reduced to zero. The ecompany will be "major" US corporation.

Devenish falls short of City expectations

JA Devenish, the West country brewer, yesterday announced a pre-tax profit of \$2.65m for the increased to \$4.1m compared with \$2.65m for the same period last year.

The result was below Gity expectations and the share price fell by 21p to 331p per share.

Earnings per share rose to 5.38p, from 4.69p with the board recommending an unchanged increased with \$2.74,000 in the same period of the same production facilities. Interest costs were \$1.25m to managed with \$2.74,000 in the said there had been an increased to 18 months. The new brands are compared with \$2.74,000 in the production that the said there had been an increased to 18 months. The new brands are constructed by 18 months. The new brands are constructed by 18 months. The new brands have an impressive list of UK continental and seen as nothing more than a hictory from the state accounts as well as getting atten.

Australian brewers. Devenish by the ters are already sold in Spain and Portugal.

Mr Cannon said the development programme for Devenish's managed estate in the South west had continued and should be completed by June 1989. He said there had been an increased in terest costs were \$1.25m to 18 months. The new brands are increased to \$2.50 ment of the development programme for Devenish's managed estate in the South west had continued and should be completed by June 1989. He said there had been an increased in terest costs were \$1.25m to from the estate development programme for Devenish's managed estate in the South west had continued and should be completed by June 1989. He said there had been an increased in terest costs were \$1.25m to from the estate from the trading profit was pulled back to \$2.50m and Portugal.

Mr Cannon said the development programme for Devenish's managed estate in the South west had continued and should be completed by June 1989. He said there had been an increased in terest costs were \$1.25m to from the estate form the production from the production from the trading profit from the estate form the production from the prod

recommending an unchanged interim dividend of 0.75p per share.

It is share ties interest costs were £1.23m compared with £374,000 in the same period last year.

Mr Michael Cannon, Deven-

Bergesen seeks

Bergesen, Norwegian bulk ship-ping group, has applied to the Stock Exchange to have its shares admitted to the Official Listby way of an introduction

At June 10 market capitalisation

of the group was NKr4.04bn

Recovery sees

Oceana in profit

Mowlem £4.5m sale

ored by County NatWest.

SE listing

Devenish, which merged with Inn Leisure two years ago has been re-organising its tied houses, with more made into managed houses, as well as rationalising its brewing activities and launching new niche beer products under the Newquay Steam and Prohibition brand names.

Investment in the Redruth brewery and its brands took the

in trading profit from the estate despite the upbeaval from the closure of pubs under develop-

ment

He said the managed estates in London, Bristol and the Midlands were continuing to develop profitably and Devenish was seeking suitable opportunities for acquisition. The share price of Buckley's Brewery was "way over the top," he added.

Comment

to Continentals is more problematic. Underlying profit growth in retailing is strong with a contribution from Canonbury, a London-based wholesaler, coming in the second half. Analysts are looking for full year profits of about £10.4m — with an extraordinary item of more than £4m coming from the sale of plots on the Weymouth brewing site — putting the shares on a prospec-

have an impressive list of UK customers but just how attractive British brewed products will be to Continentals is more problem-

cut sharply

Aviva Petroleum, a US oil com

pany listed in London and for-merly called Jackson Explora-tion, yesterday announced a substantial cut in net losses in 1887 from \$5.5m (£3.03m) to

The improved results, however

took place on a substantially reduced base of activity with

gross revenues falling from \$7.6m

to \$2.9m, while expenses fell from

\$13.1m to \$4.2m.

By Steven Butler

Devenish's results should be tive p/e of 16. Aviva losses

Clayform attacks Stead and Simpson performance

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

shoe and motor retailing chain, in decline, with margins lower charging that its operation would be barely profitable if it paid a realistic rental on its properties.

The attack is contained in a letter to Stead and Simpson strategy. Clayform also attacked the restricted voting rights of shareholders urging them to accept the Clayform bid, which expires on June 21. Clayform is offering £12 for each ordinary share and 1250 for each 'A' share and Simpson ordinary shares.

Clayform Properties yesterday overnight levels.

Stead and Simpson shareholdboard of Stead and Simpson, tha
shoe and motor retailing chain, in decline, with margins lower share and 125p for each 'A' share.
On the market yesterday the could eventually plummet to shares were respectively £14.15 nearer that of the 'A' shares', and 131p, unchanged from their Clayform said.

share and 125p for each 'A' share.

Mainly stemming from a high level of interest from fixed income investments, Oceana Development Investment Trust has returned to profit in the year ended March 31 1968.

It made £334,600, compared with a loss of £76,000; and is also returning to dividends with 2.2p. Earnings were 4.43p (loss 1.71p).

At March 31 net asset value had fallen from 316.7p to 245.2p largely as a result of the October 1967 market crash. At the end of last month it had picked up to 247.8p.

Share and 125p for each 'A' share.

On the market yesterday the could eventually plummet to nearer that of the 'A' shares", Clayform said.

Bryson Oil & Gas lifted its profit investments.

Bryson Oil & Gas lifted its profit investments.

Bryson Oil & Gas lifted its profit investments.

Earnings were 0.6p, against a loss of 6.9p.

tax surplus of £722.528, against a loss of 6.9p.

In Delo Caspary, chairman, said the directors intended to continue the directors intended to continue the directors intended to continue building up the asset base, and had this year gained control.

Exceptional credits comprised with a 70.95 per cent stake, of summit Energy, a US listed comments less lossed of pany.

Brent Chemicals expands

John Mowlem & Company has sold Welham Plant and Eynesbury Engineering to Hewden Streat for 24.5m. The deal does not include the Welham Thamesside depot at Purfleet, which is to be retained by Mowlem for residential development.

This move is another stage in Mowlem's rationalisation since it acquired SGB, with a number of the Welham trading activities duplicated by companies within SGB.

Brent has also entered an agreement to acquire certain assets and liabilities of Circhem Corporation of the agreement to acquire certain assets and liabilities of Circhem consultancy arrangement with the current owner, Mr Gale Noble, at an annual fee of \$250,000 cash.

COMPANY NEWS IN BRIEF

AMALGAMATED FINANCIAL
Investment — Assetment, a joint venture company in which the transport of the state of the property of the company in which the transport of the share of previously pleid on the property of the state of t

Continental expansion move for Shandwick

Shandwick, one of the world's largest public relations consullargest public relations consul-tancies, yesterday announced its first acquisition in Cout-nental Europe, in a deal that follows a string of takeovers in the US and Far East. Shandwick is buying Kom-munikations, a West German PR group for a maximum of DM 12m (£3.8m). In a separate move it is also acquiring Rub-

move, it is also acquiring Rub-enstein, Wolfson & Company, a New York based consultancy for a maximum of \$8m (£4.3m). Mr Peter Gummer, chairman, said that the acquisition of Kommunikations was the of Rommunications was the first stage in the creation of a European network. The growth prospects for Continental European public relations firms were particularly attractive as a result of the changes due to take place in 1992, he

Kommunikations is one of the nine largest PR consultan-cies in West Germany, accord-ing to Shandwick. It also services clients in Austria and Switzerland and made pre-tax profits before non-recurring items of DM 893,000 in 1987 on income of DM 3.2m.

Rubenstein, Wolfson & Company has been Shandwick's New York referral agency for financial PR services for over ten years. Pre-tax profits before non-recurring items were \$330,000 in 1987 on income of \$1.96m.

The initial payment for Kommunikations will be DM 5.6m and that for R&W \$1.7m. Completion payments totalling £3.2m for the two companies will be financed by the issue of 690,608 new Shandwick shares. Further payments over the next five years will depend on profits.

Lopex purchase

Lopex, advertising and communications group, has acquired 40 per cent of Advertising People, an advertising agency based in Finland for £300,000 in cash. The purpose of the move is to strengthen Lopex's Alliance International Network.

Diversification helps lift Yellowhammer 35% to £2.25m

31 following a 19 per cent rise in turnover to £52.6m.

Diversification from core activ-Generator, a new marketing services group, and Boswell Services, an advertising services company, contributing 25 per cent of the pre-tax profits.

to 2.5p (2.1p). Mr Jon Summerill, chairman and chief executive, said the com-pany had consolidated its posi-

higher to number 28 during the 2 months under review.

Following the acquisition last March of Newstech Communica-tions, specialising in the electronities has aided the result with ics industry, Yellowbammer is

Earnings per share rose 41 per cent to 13.7p and the directors have recommended a higher final dividend of 1.75p which with the ment of Yellowhammer Finantin 2.5p (2 lp)

Recent changes in the company's management structure have cleared the woy for the appointment of Mr Tim Lefroy, the former deputy chairman of Young and Rubicam, os group pany had consolidated its posi-tion as one of London's top 30 agencies despite highly competi-tive conditions. Figures prepared by Campaign show that Yellow-hamner has moved five positions chief executive.

comment

While Yellowhammer remains Barclays dominoted the com-highly reliant on Barclays and pany's billings, accounting for 30 the GlO for a large slice of its

Yellowhammer, advertising and per cent of the total while the marketing services group, lifted Government Information Office clated areas has proved a valuable source for odditional carnings. Due principally to these contents of the conte ciated areas has proved a valu-able source for odditional carnings. Due principally to these expansions, the company has exceeded analysts' expectations during the past 12 months and forecasts for pre-tax profits this year are £2.8m. Newstoch is expected to make a maiden con-tribution of £250,000 and Generator is performing ahead of expec-tations. Yellowhammer is we'll placed to benefit from its long-es-tablished ties with the GIO as its advertising budget rises from 280m to £150m in the current year. The company is also understood to be close to tying up the stood to be close to tying up the advertising account of a national Sunday newspaper. The appoint-ment of an outsider as the new chief executive will go some way towards allaying fears that the company is excessively dependent upon the management skills of Mr Jon Summerill. The company has performed better than most in the industry and its pro-spective pie of 10.5, at last night's close of 180p, is accordingly ahead of the sector's overage.

Falcon revises listing plans after reconstruction

BY PHILIP COGGAN

Falcon Resources, oil and gas formed into a new company; an company, has abandoned its ear-approach has been received from lier plans to rejoin the stock mar- a listed US company which may ket after a capital reconstruction. lead to an offer for that part of The shares were suspended in the group. If an offer occurs, Falcotober 1985, pending news of an acquisition; since then new management has taken over from the old chairman, Mr Ronnie Monk.

The new management, led by will be a "shell" with no tangible assets or quotation. Several individuals have converged the

ver Jessel, said that the company viduals bave opproached the will now be divided into two. The management expressing an inter-US oil and gas interests will be ests in developing the shell.

Invergordon - no talks with broker

Invergordon Distillers, the Scotch whisky distiller and blender, said it had had no discussions with Greig Middleton, the London stockbroker, regarding a possible takeover offer.

On Monday, Greig Middleton announced that it was advising on a possible offer for the Edinburgh-based group but added

on a possible offer for the Edin-burgh-based group but added that it could not predict whether a formal offer would follow.

Orag mindletin decliner yes-terday to elaborate on Monday's statement but confirmed that dis-cussions with the unknown potential bidder were continuing.

Newarthill has over 6% of W. Lawrence

By Andrew Hitt

Newarthill, the civil engineer and building contractor which trades as Sir Robert McAlpine, bas built np a 6.04 per cent stake in Walter Lawrence. bousebuilder and contractor.

Newarthill said it regarded the stake as a trade invest-ment, one of several boldings in building companies acquired recently. The stake might be increased if the price

was judged appropriate. It was not Newartbill's policy to seek controlling interests or board representation, added the company. It was supportive of Walter Lawrence's management and would look for opportunities to work with them to mutual advan-

Mr Trevor Mawby, chief executive of Walter Lawrence, said the company was pleased to have Newarthill as an inves-

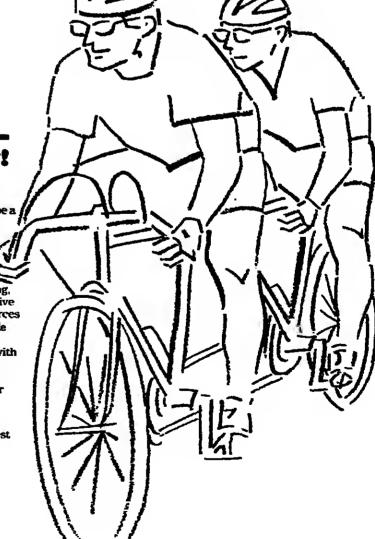
Even better by working together!

For two of the country's leading names in vehicle contract hire to be in the same advertisement must be a

But since the common denominator is Cowie Group membership-it's a logical move for customers, prospects and the two companies concerned.

Both Interleasing - and recently formed Cowieleasing. the amalgam of Marley Vehicle Leasing and Herondrive - are offering the enviable combined financial resources of the Cowie Group; across the whole range of vehicle service plans. Yet both retain their identities and characteristics which you, the customer, associate with in your own day-to-day dealings. That's because we listened to your wishes about keeping the service personal; whether it's through our people, systems or the smile in the receptionist's voice.

And so the scene is set; for two industry leaders. working in tandem you might say - to give you the best service in the business.





Erskine seeks £25m for more acquisitions

Erskine House Group, the acoustive office equipment company, 25.9m convertible preference is planning a £25m rights issue to shares at 100p each, on the basis fund further acquisitions.

Shares in the company slipped ordinary shares held. The issue sp to 227p on the news, but were supported by the announcement that Erskine House had increased The UK operations returned

merger-accounting basis. Turn-over rose to £108m (£77.9m) and Pre-tax marg earnings per share were up 38 per cent to 19.3p (14p).

US, for a maximum of about £10.4m. About £8.5m of the pro-ceeds of the rights issue will be

£2.32m to £4m in the year ended

£132.57m. The advance in trading

Authorised

£1,400,000

£380,000

Warnford Court

Throgmorton Street

London EC2N 2AY

Joplings helps Normans

INCLUDING A first time contri-bution from Joplings, the Nor-mans Group of discount food retailers increased its profit from \$2.32m to \$\mathcal{L}\$m in the year ended cent, from Joplings £1.46m for nine months (nil), Wallis £430,000 (£241,000), and other areas £217,000 (£320,000). The directors said the objective

March 26 1988.

Sales growth had accelerated margin on sales. The task was in the opening weeks of the current year, and sales in the major strong growth in sales currently

subsidiaries had all exceeded budget, the directors reported.

For 1987-88 earnings worked through at 5.01p (4.3p) per 10p share and the final dividend is 1.15p for a 2.2p (2p) total. A one-for-eight scrip issue is to be made.

or-eight scrip issue is to be business for its first six months.

Poor prices and drought reduced the share from agriculture from

included a contribution from improved considerably. Share-Normans Superwarehouses of \$2.05m (\$2.77m\$) with net margins to \$24m\$ and the borrowing ratio improving from 3.1 to 3.2 per was reduced.

£249,000 to £18,000.

The group's financial position

This advertisement is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited (the "Stock Exchange") and is not an invitation to any person to subscribe for or purchase any shares.

APPLEBY WESTWARD GROUP SIE

(the "Company")

(Incorporated in England under the Companies Acts 1948 to 1981 - No. 1791158)

SHARE CAPITAL

In Ordinary Shares of 20p each

In 7 per cent Cumulative Redeemable Preference Shares of £1 each

In connection with a placing on the Unlisted Securities Market of the Stock Exchange by Stock Beech & Co. Limited application has been made for permission for the Ordinary Shares of 20p each in the capital of the Company now issued, and to be issued, to be dealt in on the Unlisted Securities Market of The Stock Exchange. Dealings are expected to commence on 20th June,

The principal activity of the Company and its subsidiaries is that of a grocery wholesaler within

Particulars relating to the Company are available in the Extel Statistical Services and copies of

the Placing Memorandum may be obtained during normal business hours on any weekday

STOCK BEECH & CO. LIMITED

Bristol & West Building

Broad Quay Bristol BS1 4DD

the "Spar" and "VG" voluntary symbol groups to shops in the South West of England.

(Bank Holidays and Saturdays excepted) up to and including 6th July, 1988 from:

profits rise to £4m

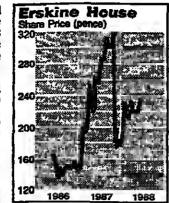
Shareholders are to be offered of four convertibles for every five

profits by 78 per cent for the year pre-tax profits of £6.01m (£4.39m) to March 31 1988. The group, which has invested on turnover up from £56m to some £30m in acquiring UK and £66.5m. Profits from the US businesses since June 1986, made £9.24m before tax, against £3.23m (£801,000) before tax. £5.19m in 1986-87, restated on a Turnover rose by 64 per cent to

Pre-tax margins in the US rose from about 4 per cent to nearly 9 per cent. Mr Brian McGillivray, cent to 19.3p (14p).

Erakine House is huying two more office equipment distribution companies in the UK and poration — which has operating margins of about 30 per cent margins of about 30 per cent —
and Ameritech Equipment, two
copier distributors and servicers
bought near the beginning of the
copier and fax machines, for a

special of the station possibility of distributing and servicing shares
microcomputers and wordprocessof abought near the beginning of the



financial year. A final dividend of 3.60 is recommended, making 5.20 (40) for

trend continues

London & Clydeside Holdings

achieved pre-tax profits of £336,000 in the six months to

The directors said the latest result was generated by an increase in the number of houses

sold and also by a significant contribution from commercial

development. However, they warned that second half sales

were not expected to be as high

The interim dividend is held at

Issued and to be

Issued fully paid 1,105,000

Callington Road

Saltasb Comwail PL126LT

15th June, 1988

1.7p on earnings per share of 2.4p

London &

Clydeside

£1.17m was reported.

maximum of \$12m in convertible rights issues and numerous ven-

comment

iaries not involved with office comes out at a more modest 78 equipment there seems little to per cent. On the other hand, the hold back the former bureau de company argues that for share-change and security company.

The copier servicing arm is still earnings growth (32 per cent up the biggest earner and should on the previous reported figure of remain so, barring the advent of 14.6p per share) is more imported house is also eyeing the possibilation about £13.5m would put the ity of distributing and servicing shares on a prospective multiple microcomputers and wordprocessors. There have been three value.

preference shares, subject to per- dor placings in the last five formance over the next three years, but the company's decision years. to return to the City for funds
Tha company is also buying should not be held against it,
EPS, a UK distributor of laser given the problems experienced printers, and its sister company by any acquisitive service com-Fontware, for £3.8m, also in con-vertibles. pany trying to avoid high gear-ing. Mr McGillivray's claim that Erskine House increased pre-tax profits by 96 per cent last year, is perhaps overdoing it a little. The Now that Erskine House has merger-accounted profits disposed of almost all its subsidincrease is still impressive, but iaries not involved with office comes out at a more modest 78

Colorvision surges to near £2m at midway

Colorvision, television and video continued to expand in the north retailer, lifted its pre-tax profit and midlands, and had begun to from \$620,000 to \$1.92m in the penetrate the south-east with half year ended March 31 1988.

Profitability of existing outlets outlets. March 31 1988, against a £119,000 loss in the comparable six months. The result was in line with the recovery of the second half of 1987 when a profit of

man.

The group was currently trading well and increasing market share. It operates through a Management Enterprise Scheme agement Enterprise Scheme whereby a part of the equity of

managing director.

Mr Michaelson said the group

shops opened in the period traded successfully from the outset, said than doubled to fil.82m (£5.6m)

whereby a part of the equity of each ontlet is held by a local managing director.

Mr Michaelson said the group

Trights were taken from the prospectus issued a year ago when the group joined the USM.

See Management Page

TGI beats forecast and nearly doubles to £2.55m

TGI, which comprises three of products such as portable andio the leading companies in the UK systems, microwave ovens, televi-audio industry – Goodmans, sions and hi-fi equipment. Mordaunt-Short and Tannoy – Earnings per share were np 65

been bolstered by the group's to its Coatbridge factory in Jannbroadening activities. TGL the ary will further increase its UK's largest designer and manucapacity.

Mr Norman Crocker, chairman, entered the in-car entertainment was confident that the continued for this received and is marketing a wide growth budgeted for this received.

raised pre-tax profits by 92 per per cent to 14.5p (8.8p), 13.3p fully cent in the year to March 31 1988 dilnted, and the the final divifrom £1.33m to £2.55m — beating dend is the forecast 2.4p.

the £2.4m forecast when it came During the year Tannoy

to the market this January. exported more than 75 per cent of Turnover of £38.88m, up 53 per its loudspeaker production, and cent from £25.4m last time, has completion of a large extension

field and is marketing a wide growth budgeted for this year range of consumer electronic would be achieved.

Pleasurama expansion

Pleasurama has made several In addition four hotels have present year. It was announced Rochdale and Ostend in Belgium at the annual meeting that two Pleasurama has also acquired the staurants and a night club in Orlando, Florida, werepurchased by its US subsidiary for \$3.5m (£1.93m) and a theme park called complex in Ostend.

Fun 'n' Wheels for \$2.5m. Also in Orlando, the group has acquired a long lease on the 450-seater restaurant within the new Universal Studios Theme Park In the year ended March 31 1988

acquired the 31 bedroom West pared with \$808,000. That was Retford Hotel, Nottinghamshire, equal to 0.7 cents, against 0.3

company which owns the Kur saal casino and entertainment

Lofs loss increases

which is expected to open at the London & Overseas Freighters end of next year. end of next year.

In the UK, Pleasurama has net loss of \$1.9m (£1.05m), com-

Acquisitive Chancery advances to £4.92m By Graham Deller

Chancary Securities, the acquisitive merchant banking and financial services group, yesterday reported pre-tax profits of £4.92m for the year to end-March, up from a restated £3.05m last time.

Mr Harvey Cohen, chairman of the USM-quoted group, said that before allowing for acqui-sitions — Chancery completed eight purchases during the last financial year, seven of which were merger accounted - the underlying rate of growth was

in excess of 40 per cent.

He said the acquisitions formed part of a long-term strategy of controlled expan-sion into niche financial services. Profit targets for the new businesses had been set at levels which would lead to enhanced carnings per share and would "motivate the established management of the indi-vidual businesses". There was a tax charge of

£1.72m (£867,000), leaving earnings per share of 17.5p

The directors recommend a final dividend of 4.2p, making 6p (3.3p) for the year. The acquisition of Tower Acceptances added instalment credit to Chancery's banking services, which together with the purchase of a factoring business, strengthened the

division's capital base by over The corporate finance side had sponsored eight issues under the Business Expansion Scheme during the year, rais-

ing some £22m. Chancery's stockbroking operation, established through the purchase of Branston & Gothard last Angust, had fallen below expectations due to the October crash, but had incurred no significant bad

Mr Cohen said the current year had begun well with encouraging prospects for the group's four divisions. He anticipated further growth in profits and earnings as a result of increased cross-marketing of services between

Thos. Locker growth

Thomas Locker (Holdings), general engineer and wire weaver, lifted profits by 34 per cent in the year to March 31 1988. The taxable result rose from £1.43m to £1.92m on turnover ahead from £29.78m

After tax of £772,000 (£641,000) earnings came out at 2.59p (1.85p). The recom-mended final dividend of 1.05p makes a total of 1.425p

Aurora talks off

Negotiations for Aurora to acquire the foundries at Penistone, Yorks, from David Brown Gear Industries have

Data broadcast side sparks second-half rally at Alphameric

year to March 31.

and start up costs of the data broadcast business - the new technique of sending commercial data via spare capacity on TV The results were much in line

with the company's forecast, released when it announced a 19m rights issue seven weeks ago. The shares eased 2p to 308p.
The figures have been merger accounted to reflect the acquisition of PC Communications for an initial £Im last November. Excluding PC Communications,

increased revenue by 43 per cent to £9.2m. The French subsidiary reported turnover of £2.1m and improved margins.

The viewdata and retail systems division boosted turn

over by 87 per cent to £10.3m, although first half margins were although first half margins were from the likes of retailers, travel depressed by data broadcast agencies and building societies. start-up costs Margins, however, And in the meantime, good. recovered significantly in the second half.

In the data broadcast market, Bishopsgate Systems has recently profits of about £7.8m, which obtained access to BBC's Data-cast's transmission capacity. It inexpensive multiple of 11.

A STRONG second half belped has completed the bulk of its Alphameric, manufacturer of orders for Coral betting shope computer keyboards, viewdata, and five high street major retailcomputer keyboards, viewdata, and five high stretch and dealing systems, lift retail and dealing systems, lift ers are remning pilot systems. It pre-tax profits by 17 per cent has also recently wan an order from £3.97m to £4.64m for the from the Halifax Building Society from the March 3L. Turnover rose by 43 per cent to with a potential project value of . 230.03m. The results followed dis-

appointing interim figures, which disclosed pre-tax profits of \$206,000, less than half the \$1.73machieved during the same matched those for the previous

fil. Zimachieved during the same period in the previous year.

Mr Dougal Craig-Wood, chairman, said that the strong second half resulted from the company's usual seasonal bias together with good progress on sales of the data broadcast systems that had been delayed in the first half.

Mr Craig-Wood said that margins had temporarily reduced because of short term borrowings are delayed in the figures, and the previous year at figures, because of short term borrowings are desired in the figures, and the data of the data process of the data former French subsidiary.

former French subsidiary.

Earnings per share increased by 22 per cent to 21.1p. A final dividend of 2.5p per share has been proposed, making 3.5p for the year - an increase of 40 per

comment

Despite Alphameric's half year setback - the result of over-optimism about its latest start-ups— the enthusiasm of its City issue is unabated. On the contrary, the company still boasts an envision profits rose by 8.5 per cent. company still boasts an envision. The keyhoards division reputation for its commercial and technological prowess. In particu-lar, the data broadcasting busi-ness, which prompted the disap-pointment at half time, is expected to come up trumps in the coming year. Demand for this system could prove substantial growth from the keyboards and dealing systems should be main-tained. Analysis expect pre-tax

Feedback rises by 9%

Feedback, USM-quoted electronic equipment maker, improved profits by 9 per cent from £506,706 to £552,569 for the year to March 31 1988. Turnover was alightly up from £8.6m to £8.7m.

The first term of the province of the The directors are proposing a first time.

Bradford Property growth

A hig increase in profits from rose to \$12.67m (\$9.58m) while the sales of dealing properties helped surplus from property rentals Bradford Property Trust to lift was up to \$5.68m (\$4.99m). Earn-

Earnings worked through at 14.59p (35.87p) per share and the dividend is increased from 11p to 12.5p with a final of 7p.

its pre-tax profit by nearly £4m to ings represented by rentals, after £19.27m in the year ended April 5 tax and preference dividend, 1988. were 12.52p (11.03p) per share.

Net assets attributable were 826p per share, taking account of the directors' opinion of the mar-Profit from dealing properties ket value of properties.

F & C Smaller assets lower

Net asset value per share at F & Revenue available for snareC Smaller Companies at a folders at £1.17m (£1.08m) gave
earnings per share of 1.28p
with an adjusted 87.3p at the
with an adjusted 87.3p at the
last year.

Revenue available for snarebolders at £1.17m (£1.08m) gave
earnings per share of 1.28p
(adjusted 1.16p). The final dividend is 0.8p for a total of 1.14p

UTC lifts stake in Corporate Estates

UTC Gronp, the stockbroking and corporate finance group, has increased its stake in fellow USM

Wardell Roberts profits fall by 22%

food distributor, returned profits of I£1.19m (£1.02m) pre-tax for the year to end-March, a decline of 22

nomic climate and increased per cent over the I£1.52m competition, particularly in the achieved for the previous 12 confectionery and snack market,

The directors blamed the prof-its downturn on a depressed eco-sion of £165,000 (nil). which led to a tightening of mar-

sion of £165,000 (ml).

Tax accounted for £226,000 (2379,000). Earnings fell to 5.80 (7.30) but an unchanged final dividend of 1.40 makes a same again

McLeod Russel sale

shareholders more information about the impending flotation of its Vodafone subsidiary.

plantations in Papua New chasers.

RKF Group, USM-quoted land Surrey, area.

McLeod Russel Holdings has sold Guinea. In the year to end-De-its Warren Plantations (Mount cember it incurred a deficit of Hagen) subsidiary for a nominal £1.01m. Local bank borrowings of

RKF £0.9m acquisition

Warren owns tes and coffee bave been taken over by the pur-

At the completion date, the partnership had about £3.5m of printing group, has purchased partnership had about £3.5m of Hurlingham Homes, a newly-work in progress and estimated formed company, for £350,000 net assets of £60,000.

company, Corporate Estates Properties, to 11 per cent. Last month Ensign Trust, the investment trust controlled by the Merchant Navy Officers' Pension Fund, acquired a 28.7 per cent stake in Corporate Estates.

Ladbroke buoyant Mr Cyril Stein, chairman and managing director of the Lad-broke Group, told the annual meeting that business was buoyant and that first half profits would be shead of budget.

He added that all four divisions

were continuing to make excel-lent progress. The Hilton Interna-tional hotels were continuing to achieve record results

NOTICE

Will all please note that Mr. G.B. Shepherd F. Inst. S.M.M. has no longer any association with Video Transfer Manufacturing Limited of Swindon, Wiltshire.



Sonatrach

U.S. \$50,000,000 Guaranteed Floating Rate Notes due 1986 to 1992

For the six months 13th June. 1988 to 13th December, 1988 the Notes will carry an interest rate of 8%% per annum. Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

June 15, 1988

Hachette Publications, Inc.

has acquired for U.S. \$712,000,000

Diamandis Communications Inc.

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Hachette Publications, Inc.

Salomon Brothers International Limited

Victoria Plaza, 111 Buckingham Palace Road, London, SW1W 0SB, England New York, Tokyo, Frankfurt, Zurich Member of Major Securities and Commodifies Exchanges.

Wardell Roberts, USM-quoted £16.9m to £20.05m.

Turnover improved from gins.

Racal results delayed Racal, the electronics group, has postponed the announcement of its preliminary results by a week until June 28, in order to give

Mono Pumps

The bny-out of Mono Pumps Group from Gallaher by the cavity pump manufacturer's UK development, construction and management and seven institutions has been completed. The

Strong growth at

Crown Eyeglass.

buy-out was arranged by Bankers
Trust Company. The management team is led by Mr Kenneth
Boddington, who becomes chief
executive of the acquired group,
which had turnover of about
exemption in its last financial year.

Hurlingham homes, a newlyformed company, for £850,000 net assets of £60,000.

Hurlingham has a 50 per cent
interest in a joint venture partnership, the main assets of which
company in its last financial year.

Investment Company
Investment Company
Livestment Company a one-for-one scrip issue.

Ryan Hotels, Irish-based hotel Crown Eyeglass has achieved strong growth in its first full set of results since joining the Third Market in May 1987. Pre-tax profits have been increased from £59,000 to £226,000 on turnover up from £1.04m to £1.73m. Earnings

advanced from 2.7p to 9.8p.

The Blackburn-based company makes and distributes spectacles. Mr Joe Lee, chairman, said that with the proposed legislation changes regarding VAT and sight test fees a year of further growth pointing.

Ryan Hotels cuts first half loss

group, has seen an improvement group, has seen an improvement in trading with the first half loss reduced by £500,000 to less than £200,000, Mr Conor McCarthy, chairman, told shareholders. The group was now in profit for the year as a whole.

Since the end of the first six months the home market has been buoyant with an improvement in volume of 52 per cent over 1987. Both the US and the UK operations have been disap-

Why best days may be over for proudest perk

BY MICHAEL DIXON

"I WISH you wouldn't raise that subject" a personnel chief told the Jobs column the other day.

133 June 15 1988

The problem of the control of the co

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banker, whose reply was fairly typical. "There's no hotter topic in the executive lunchroom." Moreover a headhunter said he knew of several candidates who, when offered a job of higher rank and salary, had rejected it solely because the four-wheeled perk provided was a bit less imposing than the one they already had. Given the self-esteem evidently invested in cars by those on the higher perches of pecking orders, it seems likely that numerous feathers will be ruffled by the results of some recent research. It was done by the Rumzheimer International consultancy in the United States, the starting point of so many trends in executiveemployment which have later

"Oh yes!," agreed a senior not so much in actual rates as in anker, whose reply was fairly the tax anthorities' attitude. There's no hotter topic They've spelt out that they're the executive lunchroom." going to look much more closely at whether executives who're given-cars really need them for their work, and make companies keep logs accounting for mileage

> thet is probably less telling than the third reason, which is the drive by husinesses over here to cut operational costs to increase profits." Mr Packer added.

employment which have later spread to Europe and elsewhere.

The study, of more than 200 US corporations, found a marked tendency to curb the award of employers questioned, 19 per cent said they had cut the number of executives receiving a car at all.

And although the same drastic who nsed to rate a Cadillac are sales and their counterparts in other pursuits. In a fair number of cases, mainly in the higher calculated other pursuits. In a fair number calculated other pursuits and calculated other pursuits and chief executives' coariots as a wel

"Wa think use "Was think use on," said Runzheimers on," said Runzh

and so on There's also been a rise in the insurance costs involved. But

"More and more companies seem to be deciding that down-grading the models of car they give their executives can produce a pretty good saving. Top people who used to rate a Cadillac are

step was being taken by only	
between 8 and 14 per cent of the	
smaller concerns, there was a general trend to supply staff with	
ower-price vehicles.	
"Wa think it's a move that will	
o on," said Runzheimer's Peter	

Average cost of Managers' cars to companies Middle 1 Other Chief directors E a year 8,200 5.700 6.700 5,000 4,900 5,300 4,300 5,050 5,650 5,600 5,250 4,950 5,600 4,800 4,900 5,850 3,700 4,500 3,160 6,150 6,100 6,700 6,600 5,450 6,950 6,150 8,250 8,100 8,050 Switzerland 7,650 7,350 4,600 4,850 5,450 3,900 4,250 7,100 6,900 6,650 6,250

is suggested by the table above.

10, fax (02) 762 37 43).

The table shows the average total costs which companies in a dozen different countries say little about the importance of

As can be seen, the United compiled from a survey by the Kingdom — which apparently Executive Compensation Service took the lead in making the consultancy (18 Avenue Roger four wheeled perk an object of Vandendriessche, Box 3, 1150 jealous executive reverence — Brussels, Belgium; tel (02) 771 99 comes second to Finland in the financial cuttlar league.

incurred last year in providing the spending on cars in relation cars to four types of managers: to the other rewards of managers chief executives, other directors, of the different nationalities. So middle-rankers in marketing and to give some idea of that relative sales and their counterparts in importance I have calculated

considerably altered, as follows:

13%

Portugal United Kingdom Sweden Netherlands Spain Belgium Denmark France West Germany

MD-designate

HEADHUNTER Alan Ahern is looking for the next managing director of a British scientificequipment group's subsidiary producing advanced hardware and software for broadcasting and otherwise distributing information. As he may not name his client he promises to abide hy applicants' requests not to be identified to the employer at this

stage of the proceedings.

The subsidiary, on the south coast, is one of the group's 10 UK manufacturing operations. All of them are small and unusually independent in their running, in line with the group's belief that high technology markets are best served by compact business units focusing on particular techniques

and applications.

The recruit will start as the commercial director, and he expected to show the ability to replace the present managing called asking where it was. The director, who is retiring, within

about six months. After doing so, the new MD will remain much concerned with commercial affairs including sales, which are handled through agencies and other third parties, over 70 per cent being exports. There will be a good deal of overseas travel.

Candidates must be technically equipped to understand the 34employee company's markets. A formal qualification, preferably in engineering, would help. But even more important are proven leadership skill and commercial acumen including the ability to negotiate at all levels.

Mr Ahern says the group would especially like to hear from people running their own smaller company in a similar field, who might be interested in managing the subsidiary in tandem with their own business with a view to an eventual merger. Salary indicator £30,000, plus

bonus on results and possiblity of stock options. Car among other

Inquiries to Ahern Associates, 60 · 61 Quarry St. Guildford, Surrey GUI 3UA; tel 0483 502666. telex 859500 Sharet G.

Missing

FINALLY, the Jobs Column is sorry for not being here last week, and apologises particularly

Cable **Dealers**

We are currently assisting a number of international banks in the recruitment of spot and forward cable traders.

Applicants are likely to be in their mid to late twenties with at least one year's dealing experience in an active Treasury.

For the right candidates, remuneration will not be a limiting factor. Those interested should contact Nick Root or Nick Bennett on 01-404 5751 or write to them in strictest confidence at The Treasury & Investment Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City

International Recruitment Consultants London Paris Amsterdam Brussels Sydney

and advises, senior staff, and drafts articles and

Identifies those areas of the Exchange's activities

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advantage. Communication skills of a high order.

political awareness, discretion and the ability to

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scheme, free season ticket, BUPA and relocation

Please write in strict confidence with full career

which could be of interest to the media.

work under heavy pressure are essential.

assistance where appropriate.

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These positions represent excellent opportunities for career progression. To discuss them further, in strictest confidence, please contact Christopher Lawless, Stnart Clifford or Julian Fox on (01) 583 0073 (day) or (01) 874 9417 (outside office hours).

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press releases.

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For further details and an informal discussion please contact Roger Tipple M.A. who is retained to advise on this assignment. The strictest confidentiality is assured.

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This is a key appointment and the successful

BF Highly Attractive

applicant, as a member of a small team, must therefore be able to work independently without close

Fluency in at least two and preferably all of English. French and Dutch is essential.

Initial contact may be established by writing to Pierre Brynaert, at Michael Page International, Avenue Molière 262, 1060 Brussels (Telephone 010-322-347-02-10). Alternatively, contact Terry Benson at Michael Page International, 39-41 Parker Street, London WC2B 5LH

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For further details, either call Maggie Griffiths or, alternatively, forward a cuπiculum vitae.

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CITY

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£28,000-£40,000

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mcgregor

14 June 15 1980

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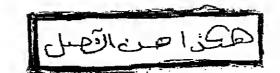
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sector of the company's fund management operations are excellent for those with fizir and proven technical

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> Samuel & Pearce Recruitment Ltd. Academy House, 26-28 Sackville Street, London W1X 2QL 01-439 4581.

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Two Arab producers in oil-equivalent flood threat

BY RICHARD JOHNS IN VIENNA

SAUDI ARABIA and Kuwait are past two months they have been understood to have threatened producing about 1m h/d in excess other members of Opec. The two Arab heavyweights condensates.

are believed to have said they Opec members are now will flood the market with more reckoned to be marketing about than Im barrels a day of oil 800,000 b/d condensates in equivalent from the start of next addition to other natural-gas year nnless the organisation liquids derived from oil agrees by December on a precise production in total the volume is technical distinction between 1.7m b/d. This raised questions

crude and condensates.

The warning is aimed mainly at Venezuela. The two Gulf producers bave accused Venezuela of reclassifying crude as condensates.

A committee of Opec experts will continue to discuss the accumulation of the condensates.

This is the term for gas from certain hydrocarbon reservoirs which liquefies at surface

current moch-abused accord on output limitation should be continued for another six can only be categorised as a months, until end of this year.

In spite of the shaky accord, oil

One did not even address.

of it, quite apart from

problem of condensates. The problem is one which Venezuela says the conservative Arab oil-producers have raised as a means of diverting attention from their by Opec production pacts.

Before the final session at Opec's meeting in Vienna last night members agreed that the

conflict against Iran. Yesterday chief delegates tried to put their best light on what Opec did not even address itself, in a four-day meeting, to

probability that Opec would drift into a free-for-all, similar to what happened in the first half of 1986, with disastrous consequences for

The likelihood has been increased by the United Arab Emirates confirming its repudiation of the quota, 948,000 b/d. agreed by it at the end of 1968, which in practice it has consistently exceeded.

The Saudi-Kuwalti threat has only tended to convince tha majority of poorer, more populous members that Kuwait and Saudi Arabia do not want to restore prices to about \$18 a barrel, the level set as a common objective 18 months ago objective 18 months ago.

Because of the Neutral Zone Saudi Arabia and Kuwait, with the UAE, have been mainly responsible for Opec greatly exceeding its ceiling. Opec did, bowever, agree to

ask Dr Subroto, until recently Indonesia's Minister of Mines and Energy and chief Opec delegate,

Opec did not even address itself. In a four-day meeting, to six non-member producers offer rose by 28 cents to \$15.82\%. July futures for West Texas Intermediate crude on the New York Mercantile Exchange were 35 cents higher at \$16.78 in middle and how to treat the Neutral and thief the treat the house itself in the house itself in t

UK annual set-aside payments will be up to £200 per hectare

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT

complementary to action on

produced a set-aside scheme by

permissions would not be eligible compensation offered would not

The highest compensation,

Mr MacGregor said he had

LOSDON MUTAL EXCHANGE

Malaysia seeks higher prices for materials

By John Murray Brown in

MR MAHATHIR MOHAMED, Malaysia's Prime. Minister yesterday concluded two days of talks with President Suharto of Indonesia urging further joint action in a bid to raise prices of key natural commoditie

Both countries are already party to the output accord agreed in March last year by the seven-member Association of Tin **Producing Countries.** Yesterday Mr Mahathir said

joint co-operation on tin could be extended to rubber, palm oil and "We believe we can get more

income without having to increase supply," he said. Malaysia and Indonesia were largely instrumental in winning support from other producers for the association's supply rationalisation plan aimed at cutting stock overhanging the

Mr Mahathir said prices, the highest since the tin market's collapse in October 1985, were proof of the importance of co-operation between Indonesia and Malaysia and other producing countries."

Malaysia and Indonesia are mataysta and indonesia are leading producers of tin, rubber and palm oil. Malaysia is also a leading player in world cocoa markets.

Indonesia has reacted coolly to earlier appeals for joint action. It feels it has price advantages over Malaysia, and suffers none of the land and labour constraints.

South Africa and Australia branch out

value to exports of gold and other stock exchange.

precious metals by developing a He said the corporation, to be jewellery-making industry, said set up this month, was unique in Mr Christian Stals, director—that it had access to its own gold. general of finance, Department of supply via a joint project to Finance, South Africa.

South Africa was by far the dumps in the Kalgoorlie area.

largest gold-producer and last year accounted for 40 per cent of. non-Communist world mine output but most was exported as bullion.

The Government was implementing reforms including changes in taxation, customs datles and value-added requirements, and in the system of providing gold from the Reserve Bank's reserves intended to encourage the development of iewellery-making

Development of a soundly-based jewellery industry would to become directly involved in not be easy: the international gold-mining. not be easy: the international gold jewellery business was. The new bank intended to under highly competitive; a skilled an integrated range of gold-labour complement was a vital related services. For example, it labour the was authorised to issue a gold-labour background as well as a gold-labour complement was a vital related services. For example, it is a way as authorised to issue a gold-labour complement was authorised to issue a gold-labour complement was a vital related services. ingredient. However, under the right circumstances South Africa right circumstances South Africa backed security to be known as could hecome an important the Australian Gold Note, a paper maker of gold jewellery. maker of gold jewellery. South Africa had diversified its

gold-marketing techniques in the The gold-is-money idea was an past two years and the Reserve essential element in the Bank's gold department stayed in corporation's philosophy. corporation's philosophy.

Meanwhile, bankers continued close contact with developments in all sectors of the market. otherwise of the metal.

Mr Robert Strebel, executive-

dealer in the gold markets and not only as a conduit for the disposal of the gold production of disposal of the gold production of years gold offered an excellent to years gold offered an excellent and the control of the said.

DEVELOPMENTS IN two leading given a five-year tax holiday to gold-producing countries, South help it rapidly build its capital Africa and Anstralia, were base from A\$48m to about revealed yesterday.

A\$100m. Eventually some of the South Africa hoped to add equity may be floated on the value to exports of gold and other stock exchange.

BY RENNETH GOODING IN VIENNA

Vice-president, Deutschebank, Far East, World Gold Council, the changes would involve and there had been no recent buil market in gold, merely a US-dollar bear market.

From the low point in dollar cent commodity tax would end, the stock exchange of \$285 an ounce in This would cut total gold.

were included, the losses were much higher. In terms of the savings and encouraged a switch suropean currency unit gold fell to gold by some investors. This pushed up investment in gold to pushed up investment in gold to gold by some investors. This pushed up investment in gold to gold up investment in go CONFERENCE more volatile.

The gold market's ultimate bound to be a rush by investors task, as for any market, was to to buy gold between the day full find a reliable, stable details of the tax reforms were equilibrium. Investor demand announced and the tima they

in Australian Nugget gold coins.

to argue about the merits or

cent in lira. If compound interest were included, the losses were ended tax-exemption on small

next year because there was

equilibrium. Investor demand announced and the tima they could not do this long-term. Over-supply of gold was here to stay. "Likewise, the demand is there to stay but it is much less reliable and much more diffuse." Gold price predictions came there to stay but it is much less reliable and much more diffuse." Corporation. He said US Mr Dennis Suskind, partner in inflation, a hig influence on the J. Aron, said volatility was good gold price, seemed to be vising. for gold For 10 hours in every This might increase the metal's gold-trading day New York was price towards \$500 an ounce this open for business and provided year. At the low end, Far East the world's most price-volatile support would keep the price market. Producers and above \$420.

the world's most price-volatile support would keep the price market. Producers and above \$420.

consumers could use volatility to good effect.

One of New York's advantages of many Third World dehts of many Third World was its liquidity, partly provided reached proportions which meant hy the explosion in North they would never be repaid and many they would never be repaid and would have to be liquidated in year would reach \$10 tonnes. Some other way. Whether this canada and the US would be by substantial inflation displace the Soviet Union as the or a severe deflationary crisis world's second-largest gold was an open mastim.

the country," he said.

The hank was considering whether to use the gold futures market, and studying the possibility of lending gold to mining companies to fund development.

Mr Don Mackay-Coghill, chief portfolio should be in gold. In executive, GoldCorp Anstralia, political or economic uncertainty said the new Gold Banking Corporation to he set up hy Western Australia would be Mr Fritz Plass, senlor

To years gold offered an excellent displace the Soviet Union as the or a severe deflationary crisis world's second-largest gold was an open question. He said hyperindation implications for the gold price were obvictors for Japan, a leading gold consumer, it was predicted the second stage of its tax-reform what severe deflation would do programme next year would cut investment in gold by more than the or a severe deflationary crisis world's second-largest gold was an open question. He said hyperindation implications for the gold price were obvicted the second stage of its tax-reform what severe deflation would do programme next year would cut investment in gold by more than the second stage of its tax-reform what severe deflation ary crisis world's second-largest gold was an open question. He said hyperindation implications for the gold price were obvictions for the gold price were obvictions for the gold price were obvicted the second stage of its tax-reform what severe deflation ary crisis world's second-largest gold was an open question. He said hyperindation implication implicati

Israel's diamond industry

ANNUAL PAYMENTS of up to EC's allowable range of £70 to uses at a lower rate of £200 a hectare would be offered to £420 a hectare a year. compensation, he said. £200 a hectare would be offered to

£420 a hectare a year.

UK farmers who take 20 per cent

He opposed grazing of land or more of their arable land out left fallow, an option other of production for five years, Mr
John MacGregor, UK Minister of
Agriculture, said yesterday.
He was giving details of the
first of the European compensation provided they took
Community's planned set-aside
cent of arable land which had callowed land in hill- or leastcent of arable land which had fallowed land in hill- or leastcent of arable land which had fallowed land in hill- or leastcent of arable land which had fallowed land in hill- or leastcent of arable land which had fallowed land in hill- or leastfallowed land in hill- or least-

important new instrument in Farmers would contract for five reforming the Common years, though they could opt out decided not to take up the option Agricultural Policy, of the scheme after three years. of allowing land set aside from The EC-wide scheme has been green cover crop, put to numbers. designed to have common rules, with some flexibility allowed to member-states in their minister said it must be kept in adverse effects such an option application. All memher-good order, whether fallow was could have on existing livestock-

residential- or Land for industrial development last night was that tha © Compensation for UK farmers for payment but land could be set be sufficient to attract good would fall in the middle of the aside for other non-agricultural arable land from production.

COCOA E/tonne

£200 per hectare per year, would be paid for land left fallow in lowland areas, either with a

schemes, agreed in principle at the summit last February.

He said farmers' participation would be voluntary. It was an the set-aside would be 1987-88.

The base year for calculating land, down to £130 a hectare for the set-aside would be 1987-88.

Land set aside "will have to be arable crops to be grazed by maintained as fallow with a livestock subject to limits on the

Initial reaction from farmers

young people. "Youngsters want to live, they don't want to save," Mr Schnitzer said. ISRAEL'S DIAMOND industry. boosted by the weak US dollar, is

WORLD COMMODITIES PRICES

Kerb close Open Interest

sparkling like never before. Exports topped the \$1bn mark in the first five months of the year, a third up on the corresponding period last year. This year wealthy Far Eastern consumers finally toppled the US

continues to surge

from its long-held position as main client for Israeli-cnt diamonds, reflecting the Pacific region's growth in economic strength. Strong demand is coming from

Japan, Taiwan, South Korea and Hong Kong, the latter as a jewellery-making centre for the of Israel's Diamond Exchange,

the leading supplier.

Fastest growth is in sales to as value-added earnings.

Last month exports reached \$255m (£140m), 42 per cent up on the corresponding month last

Mr Schnitzer said the upwardtrend was likely to continue for the rest of the year as the big US market begins to pick up in the second half. The first half has heen unusually quiet for US

He forecast Israel's diamond industry would end the year with sales of at least \$2.5bn, compared with last year's record \$2bn.

This is a very conservative figure," he emphasised.

The Tel Aviv suburb of Ramat

Gan has emerged as the world's said Japan's diamond imports leading centre for cutting and rocketed by 70 per cent this year polishing rough diamonds. in US dollar terms, with Israel However, only about 25 per cent

(Prices supplied by Amelgemeted Metel Trading) US MARKETS

Venezuelan aluminium output 'to rise'

BY JOSEPH MANN IN CARACAS

World Gold

year are expected to reach 262,000 tonnes. The rest will be sold on the domestic market.

Venezuela's two main aluminium-smelters are jointventures involving the

· Venslum, with a group of Japanese industrial concerns Showa Denko, Kobe Steel, Sumika Aluminium, Mitsubishi Metals and Ryoka Light Metal

· Alcasa, with Reynolds of the

Venalum will ship most of its exports, 160,000 tonnes, to its Japanese partners. Other exports are ear-marked for General Motors, ASV/Hydro and Wells

Alcasa's main clients are Aleurope, of Belgium, Alunasa, of Mercury: European free mar-Costa Rica, and Reynolds. It ket, min. 99.99 per cent, \$ per 76 value, \$ per 1b, UO, 15.75 (same).

THE Venezuelan Government is plans to export 47,000 tonnes of and products.

The Government aims to boost projecting primary aluminium this year.

Venezuela is progressing an primary aluminium ontput capacity to 2n tonnes a year by the end of the 1990s. Venezuela is the end of the 1990s. Venezuela is

2,240).

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 2,60-9.80 (9.70-10.00).

(Same).

CADMIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 2,60-9.80 (9.70-10.00).

CADMIUM: European free market, standard min, 65 per ket, min, 99.5 per cent, \$ per Rt, in cent, \$ per tonne unit (10 kg) WO, warehouse inverte 7,90-8.05 (7.75-44.5).

8.00), sticks 7.90-8.05 (7.75-8.00). COBALT: European free mar-

CRUDE OIL (Light) 42,000 US gaits \$/berrel .

also expanding into downstream

क्ष्युं 🖓

ket, 98.5 per cent, \$ per lb, in warehouse, 6.60-6.95 (6.65-6.95).

Capacity expansion for output aluminium operations outside of alumina, primary aluminium the country.

WEEKLY METALS

Chicago

All prices as supplied by Metal Ib flask, in warehouse, 316-320 Bulletin (last week's prices in (290-305).

MOLYBDENUM: European free brackets).

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,100-2,160 (2,200-2,240).

MOLYBDENUM: European me market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 2,100-2,160 (2,200-2,240).

SELENIUM: European free min 99.5 per cent, \$ p

(7.75- ctf. 52-61 (54-61).

VANADIUM: European free market, min 98 per cent, VO, cif, 3.20-3.30 (3.10-3.20).

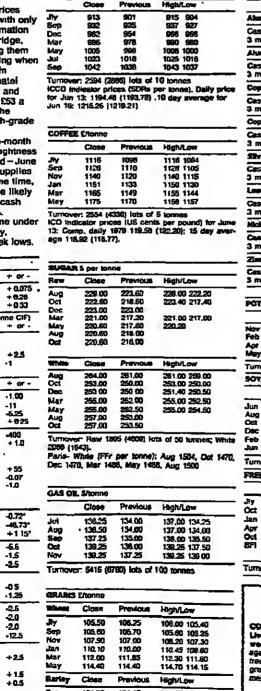
AMS 5,000 bu min; cents/80fb bushel

Previous

LONDON MARKETS

continued yesterday at the LME, with only nickel gaining ground after confirmation that union negotiators at Falconbridge, Sudbury heve a mandate enabling them to call e strike without further voting their existing agreement expires in narrowed sharply for both copper and aluminium - cash copper fell by £53 tonne compared with e £4 fall in the three-month price, while cash high-grade aluminium declined \$475 a tonne, metal. Traders said the extreme tightness in aluminium expected around mid-June could be past its peak. But LME supplies were likely to remain light for some time. and July option commitments were likely to cause some fluctuations in the cash premium over the next few weeks. Meanwhile geld prices, which ceme under pressure from the US doller's raily,

POT MARKETS		
trade oil (per barrel FOB)		+ 01 -
hope	\$14 00-4 15u	+ 0.075
Bront Blend	\$15.60-5.85u	+ 6.28
Y.T.I.(1 pm est)	516 76-6.79u	+033
Off products (NWE prompt d	olivery per to	ne CIF
Premium Gasoline	\$190-192	
Gas Oil (Soviet)	3134-136	
leavy Fuel Oil	\$72-74	+25
daphtha	S 153-155	-1
etroleum Argus Estimetes		
Other		+ or .
Gold (per troy ozi	\$449.25	-1.00
Silver (per tray ozid	693c	-11
Hatinum (per troy oz)	\$563.0	-5.25 + 0.25
Palladium [per troy oz)	\$126,75	
Muminium (Irea market)	\$3860	-400
Copper (US Producer)	120 L 123c	+ 1.0
ead (US Producer)	35.5c	
licket (tree market)	700c	
in (European free market)	15.00	+ 55 -0.07
In Kusis Lumpur market)	329.5c	-1.0
line (Euro. Prod. Price)	\$1170	
Unc (US Prime Western)	63.5c	
Castio (two weight)?	115 77p	-0.72*
Sheep (dead weight)	100.020	-48.73
Pigs (Kva weight)?	70.550	+115
ondon daily sugar (raw)	\$255.4y	-6.6
London daily sugar (white)	\$264.5v	-1.5
fate and Lyle export price	£248.5	-25
	£102.5u	
Barley (English feed) Maize (US No 3 yellow)	£10520	-05
Maize (US No 3 yellow) Mheat (US Dark Northern)	\$113.0A	-0 3 -1.25
lubber (spot)	79.0p	-2.5
Rubber (July)	84.5p	2.0
Rubber (Aug)	85.0p	·20 •125
Rubber (KL RSS No 1 July)		•12.5
loconut all (Philippinas)§	\$570y	
Palm Oil [Malaysten]S	\$447.50	+25
opra (Philippines)5	\$385	
Soyabeans (US)	£198.5	+1.5
cotton "A" index	68.5¢	+0.5
Vocapes (64s Super)	650p	



106.25

		LONDO	OL DESTAL	LEXCHA	NOS.		
Previous	High/Low '		Close		Previous	High/Lo	747
901	915 904	Alternation	um, 99.7%	purity (\$	per tonne)		
925 954	937 927 966 966	Cash	3595		4070-90		
978	990 960	3 month			2580-900		
998 1018	1006 1000 1025 1016				per tonne)		
1038	1043 1037	Cash - 3 month	2010- s 1542-		2230-50 1578-80	1584/15	200
185) lots of 1						(SOW IN	
ces (SDRs p (1193,78) .	er tonne). Daily price 10 day average for	Cash		(E per ton		1415	
219.21)		3 month	1376- 1271-		1430-2 1275-7	1415 1282/12	63
		Copper,	Standard	(£ per tor	ine)		
		Cash	1265-	75	1270-80		
Previous	High/Low	3 month	s 1220-	30	1230-40		
1098	1116 1004	Silver (L	JS conts/fi	ine ounce			
1110 1120	1128 1105 1140 111S	Cash	690-2		697-700		
1133	1150 1130	3 month			709-12		
1149	1155 1144		per tonne				
1170	1158 1157	Cash 3 month	372-4 s 357-8		388-90 364-5	384 388/350	
330) lots of i	b tonnes s per pound) for June		s per tonn			3007300	_
979 119.58 ((122.20): 15 day aver	Cash	16000		45300 0000		
ŋ.		3 month			15800-6000 14400-500	14700/1	4500
			per tonne)				
**		Cash	729-3		740-2	731	
Previous	High/Low	3 month			696-6	704/688	
223.60	228.00 222.20						_
218.60	223.40 217.40	POTATO	ES E/tonn				
223.00 217.20	221.00 217.00		Close	Previous	High/Low		G
217.60	220.20	Nov	93.0	94.0			
218.00 218.00		Feb	103.0	102.5			CO
		Apr	142.1 152.5	145,9 155,9	145.5 141.1 154.0 153.1		A
Previous	High/Low				100 tonnes.		De
261.00	261.00 259.00		AN MEAL		TOO CONTINUES.		. <u>D</u>
250.00 250 00	253,00 250.00 251,40 250.50	301725	Close	Previous			. 🗠
252.00	255.00 252.50			Previous	High/Low		II.
252.50	255.00 254.50	Jun	176.00 189.40	168.50	176.00 189.00 168		Mr. Br
253.50 253.50		Oct	169.50	108.50	170.00 162		K
	s of 50 tonnes: White	Dec Feb	171.50 174.00	171.00	171.50 170		1/2
	•	Jun	168.50	114.00	174.00 173 168.50 168		Ä
	Aug 1504, Oct 1470	Turnover	: 580 (225) lots of 1	00 tonnes.		1/
18, May 1481	2. AUG 1500			\$ 510/Inde			No.
			Close	Previous			No
		- Du	1238.0	1286.0			
Previous	High/Low	- Jiy Oct	1355.5	1378.0	1260.0 123 1367.0 135		
134.00	137,00 134.25	Jen	1382.0	1400.D	1390.0 138	2.0	50
134.00	137.00 134.00	Apr	1427.5 1350.0	1441.5	1430.0 142	7.5	Se
135.00 136.00	138.00 135.50 139.25 137.50	BFI	1279.0	1283.5	1350.0		3
137.25	139.25 139 00						6
60) lots of 1	GO tonnes	Turnover	. 578 (21 0	ŋ <u></u>			12
		. [\neg	
Previous	High/Low	. }				1	LO
						- 1	A
106.25 106.70	106.00 105.40 105.60 105.25	COTTO					Str
107.00	108.20 107.30	Literac	ed-Spot a	ng snipmi a 10 ames	inted to 370 to	100	271
110.00	110.45 109.60	#gainst	535 tonne	e and nies	POWER CHOICE	Fair [28
111.85 114.40	112.30 111.60 114.78 114.15	trading	occurred	aithough !	he variation o	a I	300
Previous	High/Low			dricen que	interest control	190	Ak
						1	270
101,10 103,40	101.45 101.10 103.90 103.15					1	285
105.65	105.25 105.60	i				- 1	300
105.20	108.70 107.95	1				•	Co
110.25	110.60 110.00	. [í	22
13 (168) , Ba	urley 116 (87)	l				- 1	256
							-

3 mont	hs 2765-	9 5	2580-900		2620-30	2700-2	D 5,738 lots
Alutain	kum,99.5%	purity (£	per tonne)			Ri	ng turnover 36,375 tonne
Cash 3 mont	2010- ths 1542-		2230-50 1578-80	1594/150	2135-40 6 1544-5	1505-6	53,539 lots
Сорра	, Grade A	(E per ton	ne)			Rin	ng turnover 45,800 tonne
Cesh	1376-		1430-2	1415	1414-6		
3 mont			1275-7	1252/129	3 1276-7	1266-7	70,335 lots
	, Standard						Ring turnover 0 tonne
Cash 3 mont		30	1270-80 1230-40		1275-90 1225-35		51 lots
_	(US cents/I						Ring tumover 0 czs
Cash 3 mont	690-2 hs 702-4		697-700 709-12		695-6 707-10	695-700	674 lots
Load (S	per tonne	0				Rin	ng turnover 11,350 tonne
Cash 3 mont	372-4 hs 357-8		366-90 364-5	384 368/350	384-5 364-5	356-7	11,450 lots
Michael	(\$ per tonn	(2)				R	ing turnover 1,578 tonne
Cash 3 mont	18000 hs 14500		15800-6000 14400-500	14700/14	16100-20 500 14650-70		500 6,019 lots
Zint (E	per tonne					Alc	og turnover 20,925 Lowne
Cesh 3 mont	729-3 hs 690-1	1	740-2 698-9	731 704/688	730-1 690-1	653-5	21,249 lots
POTAT	OES E/tonn	ю			LONDON BU	LUCH MARK	ŒT
	Close	Previou	s High/Low		Gold (fine oz)	3 price	Inelavlupe 2
Nov	93.0	94.0			Close	448-44812	250-2501 ₂
Feb Apr	103.0 142.1	102.5	145.5 141.	,	Opening Morning for	450-450 ¹ 2	247 ¹ 2-248 248.375
May	152.5	155.9	154.0 153.		Afternoon fix	446.5	249,163
Turnow	er: 385 (714	icts of	100 tonnes.		Day's high	451-451 2	
SOYAB	EAN MEAL	Sanot2			Day's low		£ equivalent
	Close	Previou	s High/Low			\$ pnce 461 ¹ 2-466 ¹ 2	257 2-260 2
Jun	176.00		176.00		US Eagle Mapleleat	461 2-466 2	257 2-260 2
EUA	169.40	168.50	169.00 168		Britannia	461 12-46612	25712-26012
Dec Dec	169.50 171.50	171,00	170.00 162 171.50 170		Krugerrand	254-248	248 ¹ 2 -251 ¹ 2 131 ¹ 2 - 136 ¹ 4
Feb	174.00	174.00	174.00 173		1/4 Krug	116-124	66-6912
מעל	168.50		168.50 168		Angel	460-465	257 4 -260 4
umove	r 580 (22	i lots of	100 tonnes.		1/10 Angel	47-52	283-294
	7 FUTURE				New Sov. Old Sov.	105 ¹ 2-106 ¹ 2 105 ¹ 2-107	59-59-1 ₄ 59-60
THE STATE OF	Close	Previous			Noble Plat	580.15-7.85	319.1-23.35
Ry	1236.0	1285.0					
ny Oct	1355.5	1378.0	1260.0 123 1367.0 135				
len	1382.0	1400.D	1390.0 138	2.0	Chair the	2000 00	IR on and
Apr	1427.5	1441.5	1430.0 142	7.5	Sheer its	pritte cz	US cas equaly
Oct BFI	1350.0	1349.0	1350.0		Spet	\$84.45	668.00
OF 1	23.0	12013			3 months 6 months	392.60 461.30	711.40 725.15
UTDOVE	r: 578 (210	n			12 months	419.55	754,60
==							
				1	LONDON MET	AL EXCHARG	TRADED OPTIONS
~	ned .				Alambekan (99	.7%)	Cells Puts
COTT		end shipm	ent sales for t	he	Strike price \$	tonne	July Sept July Sept
Week !	ending Jun	e 10 amo	inted to 370 to	nnes	2700		233 238 74 233
trading	a occurred	aithough	the variation o	4 I	2850 3000		148 177 138 320 87 130 227 420
growth	on West	divoly lon	. Interest cents	red	Akuniolum (99	5%1	Cells Puts
wan ly	Car subset to	musin da	widos.	- 1	2700		218 214 51 247
				- 1	<140		AIU 419 31 24/

TOTA BAGRES 1. MOLLIS		MA	KNE!	19
Open Interest				
g turnover 0 tonne			IS META	
	01100		e followi	
5,738 lots			U.S. trade	
nover 36,375 tonne			ng touch	
			although	
53,539 lots			pted a re	
nover 45,800 tonne	towa	rds the c	ose. Cop	per
			strength	
70,335 lets			he marke	
turnover 0 tonne	Chico	s belore	local sho close. En	LI-CC
•			ications o	
51 lots	prode	cution cut	s by O.P.	E.C
ing turnover 0 cas	local	buying fi	med pri	Ces.
	lower	r in mode	rate bad	ing
674 lots			th sides t	
nover 11,350 tonne	Suga	r tended	to follow ter trade	the
	Otom	rained ai	mission	bour
11,450 lots			arly trad	
mover 1,578 tonne			on house	
			a combin	
6,019 lots			and comm	
nover 20,925 Lonne			. Tha gra	
	ence	again, as	analysis	s ot
21,249 icts			and highe	
			Maize, e	
			ders fear	
Inelaviupe 2	Ne		ork	
250-25012			4.5	
247 12-248	GOLD	100 troy oz	; \$/troy 02.	
248.375 249.163		Close	Provious	H
	Jun	460.6	449.5	4
	Jul	451.5	450.8	4
E equivalent	Aug Oct	454.6 459.5	453.8 458.8	45
257 ¹ 2-260 ¹ 2	Dec	464.6	464.D	40
257 12-260 12 . 257 12-260 1 ₂ .	Feb	469.8	489.4 474.9	47
24912-25112	Jun	475.1 480.4	480.4	45
131 % 136 %	Aug	486.0	486.2	0
66-69 ¹ 2 257 ¹ 4 -280 ¹ 2	PLATE	NUM 50 tro	oz; \$/00y	DZ.
28 % - 29 4		Cione	Previous	Н
59-59-14 59-60	Jun	565.2	575.2	-
319.1-23.35	Jul	566.7	576.7	57
	Oct	573.1	583.0	51
	Apr	560.1 587.1	\$90.5 596.0	51
	Jui	594.6	605.5	ō
US cas equity		5.000 tree	oz; cents/t	107 0
00.800		Close	Previous	_
711.40 725.15			702.5	-
754,60	Just	704.0 707.0	705.5	71
	Aug	711.8	710.3	0
	Sep	7186	715.1	72
	Dec	731, 1 735,8	734.5	ő
DED OPTIONS	Mor	745.3	745.1	74
ils Puts	May	756.9	765.0	0
Sept July Sept	Jul Sép	767.9 779.0	767.1 778.4	75 76
238 74 233			e; conts/fbi	_
177 138 320	CUPTE			_
130 227 420		Close	Provinces	
ls Puts	Jun	108.50	112.15	10
214 S1 247	Ynd Tal	103.85 99.45	107.65 102.60	0
157 161 338	Sap	95.16	25_15	97
113 254 441	Dec	87.95	189.15	90
ls Puts	Jan Mer	86.30 83.00	187,15 188,15	0 86
154 47 180	May	80.60	80.40	82
97 105 250 CB 193 350	Jul	80.00	79.50	83
	Sup	79.50	78.50	0

rke	ets came	_	Latost	Previous	High/L/	DW/
88	se of the	Jul	16.80	16.43	18.92	16.62
n f	figure,	Aug Sep	16.95 17.01	16.67	16.96 17.02	16.72
	ert. Trade	Oct	17.04	16.65	17.04	16.80
	mmission	Nov	17.02	16.66	17.02	16,85
	ng trade gold	Feb	16.66	16.62	17.07 - 0	16.69
	eased as	Apr	16.65	16.68	ō	ō
llg	ht stops	MEATING	C O'L 42.0	000 US galts,	cents/US	galls
	pport		Latest	Previous.	High/Lo	Ywr
T I	ng railied Ires	Jol	4455	4375	4480	4405
db	la	Aug	4515 4590	4500	4520 4585	4460 4540
	trade and	Sep	4670	4578	4670	4620
off	ee finished	Nov	4736	4661	4735	4700
	trade	Jan Mar	4650	4759 4589	4840 4655	4823
	rket.		10 tormes		-000	
	ns, but It the lows		Close	Previous	Make -	
	rying.				High/Lo	
	rbitrage	Jul Sep	1556 1580	1562	1582 1685	1548
į	but	Sep Dec	1605	1616	1616	1588
	trade	Mar	1640	1650	1844	1631
	ouse	May	1665	1675 1700	1857	1657 0
	higher,	Sep	1715	1725	1715	1710
	rty-day ormai	COFFEE	-C- 27,5	Othe; cents/		
nc	rmei		Close	Previous	High/Lo	M
	, railled to	Just	135.05	136.30	136,10	134.65
P	damage.	Sep	137.10	138.15	137.95	136.60
		Mer	138.90 139.50	140.20	139.55 139.50	139,45
_		May	139.75	141.00	189.50	139.50
_		Jul Sep	140.25	141.50	0	142.00
L	247				142.00	
	447.0	SCOWN (11" 112,000 (
	450.5 450.3	-	Close	Previous	High/Lo	
	455.3	Jul Oct	9.87 9.83	9.68 9.65	9.89 9.90	9.63
	480.3	Jan	9.80	2.65	0	0
	468.0 472.5	Mer	0.80	9.61	9.82	9.54
•	480.8	May	9.76 9.77	9.65	9.77 5.77	9.55 0.58
_		Oct	5.76	9.62	9.69	9.55
_		COTTON	50,000; o	ents/lbs		
Lo	ner		Close	Previous	High/Lo	_
	0	-lui	66.91	68.55	67.00	65.55
•	581.2 567.5	Oct	65.65	65.42	65.80	64.65
•	578.0	Dec	64,61 66,15	64,04 64,55	64.70	63.60
)	589.0	May	65.40	64.85	65.00	64.20
	0	444	65.60	84.85	65,00	65.00
_		ORANGE	JUICE 1	,000 Re; ce	nto/for	-
ف			Close	Previous	High/La	w
	0	qni	173.50	175.70	175.60	173.00
	686.0	Sep	170.75	171,70	172.00	170,50
	696.0	Nov	160.55	160.90	100.75	160.50
	709.0	Jen Ner	155.95 155.45	156.00 155.60	. 156,00 0	155.50
	732.0	May	154,60	155.00	ŏ	0
	6	dal	153.45	154.70	Ŏ.	0
	752.0	Nov	155,45	154.70	0	0
_	779.0	-101	153.45	154.70	0	0
_						
٥	w					
	108.50	DEDICE				
	102.90	REUTER	Sese.	September	IS 1931 -	100)
	0	1	June 13	June 10:		
1	94.46	I	1924.5		_	_
	94,40 67.00			1930.1	1706.0	1506.2
	67.00					
	67.00 0 82.50		MC5 (840	ex Decembe	r 31 1 0 74	= 100)
	67.00	Spot		138.52	r 31 1974 181.70 184.39	= 100) 130.73 126.62

890/0 894/0 893/0 895/4 895/0 897/4 865/0 872/4 877/0 862/0 861/4 887/0 888/0 876/4 866/0 808/0 903/0 904/0 905/0 906/0 906/0 894/0 685/0 Jul Aug Sep Nov Jen Mar Mar May Jul 25.68 25.92 26.22 25.40 26.52 25.62 25.62 25.62 25.62 25.01 25.26 25.51 25.75 25.97 26.00 26.00 26.00 25.98 26.21 26.43 26.65 26.87 26.80 26.80 Jul Aug Sep Oct Dec Jen Mer May 263.5 260.7 260.0 278.0 277.7 276.2 273.2 273.2 Jul Aug Sep Oct Dec Jen Mar May MAIZE 5,000 bu min; contr 269/4 277/4 289/6 296/2 290/4 500/0 277/6 260/0 WHEAT 5,000 bu min; cer 309/6 -378/0 308/6 308/0 372/0 335/4 376/0 364/0 363/0 394/0 378/0 346/0 71.80 66.00 65.45 67.52 68.80 71.00 71.05 72.16 95.20 95.95 67.95 69.25 71.40 71.40 LIVE HOOS 30,000 lb; conta/lb: 50.65 40.57 47.25 43.27 45.25 47.40 45.67 48.89 51.56 50.47 48.22 44.15 48.30 48.30 46.30 48.37 51,60 50,80 48,40 44,25 46,60 48,32 45,66 48,85 PORK #211/ES 35,000 lbs; c Hahlow 46.47 45.87 59.35 59.35 59.35 48.35 47.57 60.65 60.45 60.15 60.35 45,40 45,60 52,45 59,10 \$2,05 51,35

هيكذا عنهالتكل

FOREIGN EXCHANGES

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CANDA Name of

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| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 10

75.

Trade figures boost dollar

dealer volunteered.

In addition the US Federal Sterling was still above an Reserve will be keen to see the finportant chart support level of dealer with the dealer stable footing in the run up to this week's economic summit being held in Toronto.

Toronto.

Monday's comments by far Manuel Johnson, vice chairman of the US Federal Reserve Board, suggesting that the dollar had room for improvement, would now provide a strong base for the

Property and

US unit however.

The dollar moved up one and

world week the	in addition the	
and been the	Reserve will be ke	
transition by	dollar on a relative	
many Third E.	ing in the run up	
of the later of th	economic summit	bei
The The	Toronto.	
	Monday's comm	ner
	Manuel Johnson,	VIC
	of the US Federal 1	
	suggesting that t	
Circlandal no	room for improve	
	now provide a stro	ag i
Cite Stion 2	US unit however.	_
A THE STREET STREET	The dollar move	ц
a story base was		
A st. difficult to	£ IN NEW YORK	<
difficult to		_
	June 14 Latest	- 1
really from the	1 700	_
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945 945 940 **CURRENCY RATES**

ETALS 0.662856 1.20244 1.46696 1A.4962 43.4501 7.80345 2.20333 7.81393 1543-93 1543-93 1543-93 1543-93 1543-93 1543-93 1543-93 1749-93 1749-93 1749-93 1749-93 1749-93 174644 in i. in warehouse, 2 OU A SEDIENTIM: Europea: a moment pale Same to May to water 1.0 : Ni 'E Europen! . - - - 015 per cent! RETURN 960406

MINTER ORE: Day and the second season CURRENCY MOVEMENTS

-15.9 -13.5 -10.3 -5.3 +1.2 +21.4 -10.4 +14.7 -10.4

MONEY MARKES

London rates higher

MONEY RATES were igner in above target.

London yesterday as he pound reacted badly to beter than expected US trade figures. Three-month interbank macy rose safes, h.c. from 1484 p.c. Bank. A further revision took the surplus back to £150m, and £150m, and £150m, and £150m, and £150m, and £150m, and £150m, and

authorities to push base rates

**Consider that important the same as a sale and repurchase tender, coinciding with a maturing facility of DM7.50n. The latest injection of DM7.50n. The latest inject

nearer 6 p.c. howevit.

The Bank of Engind forecast a lars.

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Dose 0.47-0.42m 0.50-0.65ds 0.48-0.53ds 1.48-1.13pm 1.50-0.13,50ps 1.70-1.60ps 1.70-1.60ps 1.70-1.60ps 1.70-1.50ds 2.50-0.50m 3.65-3.55ds 1.60-0.79pm 1.30-0.70m 1.30-0.70

EURO-CURRENCY INTEREST RATES me_14 Short 7 days terms matter

977.0443.347.1000.4487.76

EXCHANGE CROSS RATES DM Yes FFL SFL BFL Lies CS 8 Fr. 2313 2177 65.15 1296 1217 35.50 3.118 225.5 10.52 1.747 126.3 5.894 £ 72.32 1.374 1000. 46.65 0807 1123 1157 1352 13.83 2.481 3.327 1 1.341 2199 2.066 61.93 886.2 0.833 24.76 2964 2144 10. 1195 86.40 4.031 0.891 64.43 3.006 0.746 1 660.9 0.621 1.348 97.47 4.548 1.128 1.513 1000. 0.139 经验 0.530 0.772

協 103.8 346.1 4.841 1.201 1.611 1064 16.15 4.006 5.372 2550 0.460 0.82I 1.535 2.740 Yen per 1,000: French Fr. per 10: Ura per 1,000: Belgian Fr. per 100.

FT LONDON INTERBANK FIXING (11 60 a.m. June 1/0 3 months (IS deffers

MONEY RATES NEW YORK (Lunchtime)

being upwards.

Overnight mone opened at 7.6% p.c. and easedro a low of 6 p.c. before touchings high of 7% latest cash allocation would then heip to offset the drain of D-Marks caused by selling dol-

surplus of around £150m. Bills Call money eased to 3.40 p.c. mainring in officil hands and from 3.45 p.c. after the repurrepayment of any ite assistance, chase details were known. repayment of any ite assistance, together with a tote up of Treasury hills drained \$112m\$ while, after better than expected trade and repurchase accements took our a further \$55m\$. These were more than offset by Exchequer transactions, while added \$770m\$, and a fall in the lote circulation of \$570m\$. In addition, banks brought forward balances \$22m\$ FINANCIAL FUTURES

CURRENCIES, MONEY AND CAPITAL MARKETS

US bonds sharply firmer

43,4501, 7,89341 2,07866 7,01383 2,33333 8,776669 1543,93

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

% 12 June 14

long term Eurodollars: com years 85,-85, per cost; three years 85,-85, per cost; thar years 9-84, per cost; the year 94,-9 per cost municul. Short term cales are call for US Dollars and Japanese Year, others, but days' outlier.

6 months US Delivers

Three Months 4.50 7.00

LONDON MONEY PATES

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Lucal Authority Dess.
Lucal Authority Bests
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SER Linked Des Bid 91. 91. 7.75-7.70 6-5 6-5 6-5 6-5

Estimated volume total, Calls 30 Pats 195 Previous day's open lat, Calls 1059 Pats 1508

LONDON (LIFFE)

Close High Law Pres. 286.30 286.60 282.40 282.90 187.25 187.40 183.50 184.65 Exhauted Volume 2744015739 Previous day's open Int. 105988

CURRENCY FUTURES LIFFE-STERLING \$25,000 S per &

Cose High Low Prov. 17870 18112 17926 18150 17810 18112 17926 18150

Lifest High Low Pres. 1.7846 1816 17846 18225 1.7782 18080 1.7774 1.8036 1.7780 - 1.7780 1.8090

THE DOLLAR rose to its best balf plemige on the trade figures.

In the property of the propert 43 131 84 1556 527 1056 510 6.36 506 2.26 10 0.10 11 0.10 131 0.10 141 1.50 141 1.50 153 10.50 165 FL 205 FL 208 FL FI. 40 FI. 40 FI. 120 FI. 120 FI. 120 FI. 120 FI. 20 FI. 35 FI. 130 FI. 130 FI. 140 FI

Estimated volume total, Calis 417 Pers 317 Previous day's open int. Calis 13287 Pers 11237

CHICAGO

STANBARD & POORS 500 INDEX \$300 times ludez

BASE LENDING RATES ASM Bark 8½
Astar & Company 8½
AAS - Allert Arab Sit 8½
ALIest Inst Bank 8½
Aliest Inst Bank 8½
Assaults Cap Corp 8½
Assaults Cap Corp 10 Co-operative Bank Coutts & Co..... Cypres Popular Bk....... Denhar Bank PLC....... Dencan Lawre Eastered Bankpic . Easter Trust Lid Barcode Biltan_ Bank Haccaline. Back of India ____ Back of Scotland . Bassas Reige Ltd

Garciage Bank
Benchungri Bank PLC

Gerling Bank AG

Brit Bk of Mid East Brown Shapley
Basiness Winge Tist
CL Bank Resistand
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 Gamness Mabon
 HTE Bank PLC
 Hambros Bank
 Fortable & Gos tor Bk
 Hill Samuel C. Houre & Co.

EUROPEAN OPTIONS EXCHANGE

20237486762350 4877

TOTAL VOLUME IN CONTRACTS : 46.463

B-Bid C-Catt P-Pet

Fix Finans, Intilities
Fix Finans, Intilities
Provincial Bank PLC
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Royal Be of Scotland Reval Trust Bank Smith & Williams Secs. Scandard Chartered . . . • Members of British Recriters
Sanking & Securities House
Association. • 7 day deposits 3 46%.
Saveries 6 18% - Inp Tier-Etd 0301Instant access 8,00% & Mortgage bee
rate. § Demand decosist 3,00%.
Mortgage 9,125% - 9,55%

Horwich Gen. Trust.

This announcement appears as a matter of record only.



Ahold USA Inc.

U.S. \$65,000,000 Multicurrency Loan Facility

Guaranteed by:

Koninklijke Ahold nv

Arranged by Citicorp Investment Bank Limited

> Provided by Bank of America NT&SA Bank Mees & Hope NV Generale Bank

> > Kredietbank NV

International Westminster Bank PLC Rabobank Nederland

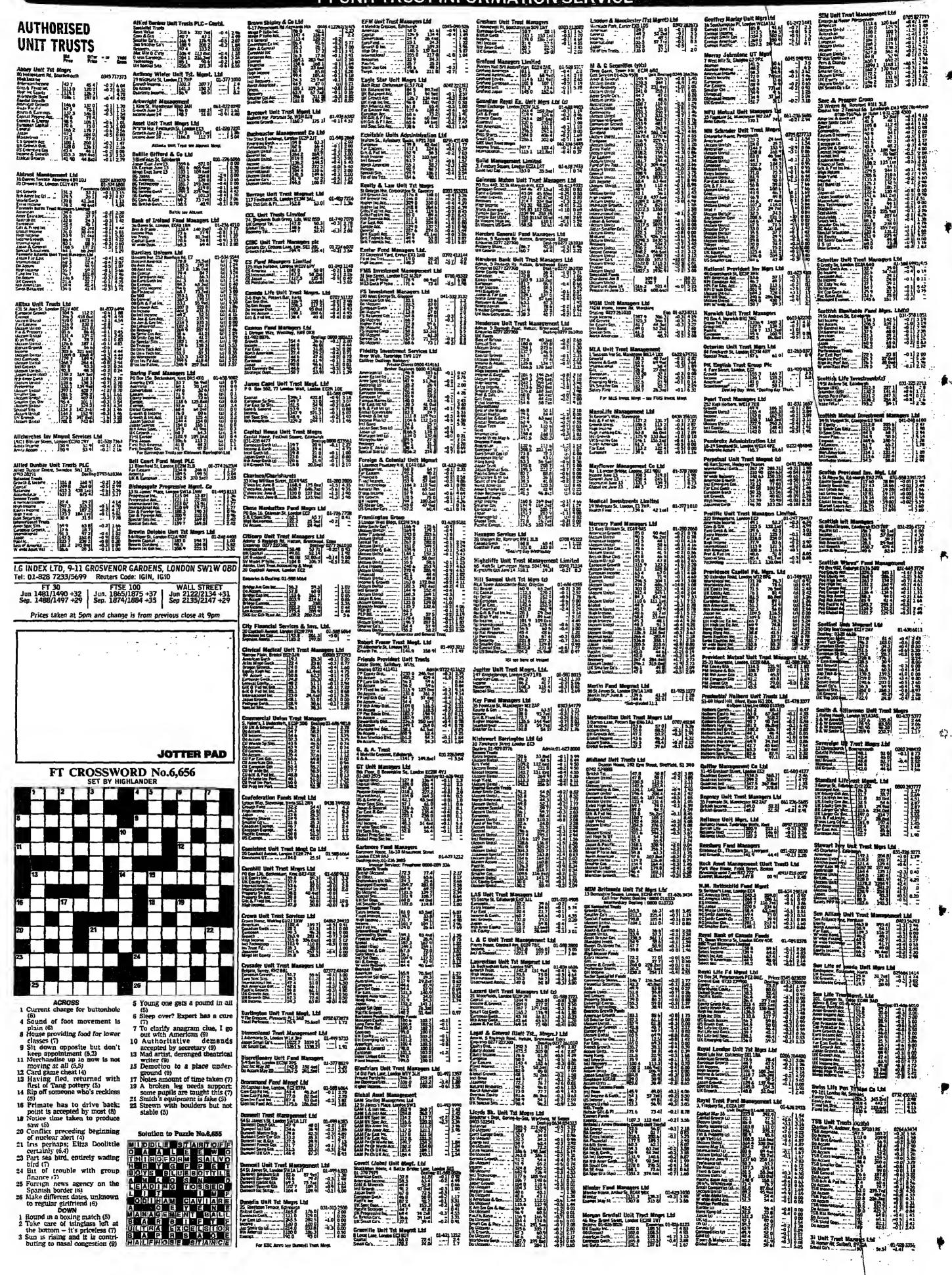
Société Générale Bank Nederland N.V.

Citicorp Investment Bank Limited

April 1988

CITICORP O INVESTMENT BANK

ET LINIT TRUST INFORMATION SERVICE



Financial Times Wednesday June 15 1988

T UNIT TRUST INFORMATION SERVICE

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36	FT UNIT TRUST IN	FORMATION SERVICE	Financial Times Wednesday June 13 1966
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37 Financial Times Wednesday June 15 1988 LONDON SHARE SERVICE **RUST, INFORMATION SERVICE** rent Banaca Group
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6.0 THE PROPERTY OF THE PROPERTY O **BRITISH FUNDS FOREIGN BONDS & RAILS** BRITISH FUNDS-Contd | 1963 | Low | Sinck | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | 1964 | Price - 97 Undated Barrington Myant (C1) Barrington Fd et la hard Libro 17101 ____ 454 Index-Linked **AMERICANS (1)** (2) 1988
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Rayal Life Processing Delta 27 | Lexicol Diffusion | French | Lexicol Diffusion | Lexicol Diffusion | French | Lexicol Diffusion | Lexicol Diffusion | French | Lexicol Diffusion | French | Lexicol Diffusion | Le Bridge Slagapore Accet Magazet Ltd to es Prospective real redemption rate on projected inflation of (3) 20% and (2) 5% (2) Figures in parenthesis show RPI base month ion indexted, the 8 months prior to boxel and howe peem adjusted to reflect rebuiled of RPI to 100 on Japany 1987. Common better the control of the results of the res = = 15 is constare for 15 is constare for 15 is Stoneture Frita 16 is C. 16 is fill remain of the C. 16 is fill the Remains 12 is for the Manual State of the Composition of the Comp Gartmann Torrestment Ltd INT. BANK AND O'SEAS **GOVT STERLING ISSUES** ests (foli) Ltd 59.61 Ginhal Asset Marin

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Later **CORPORATION LOANS** Liberty ALL-STAR World Equity Portfolio Linguis Banch (CL) U/T Mangers
Linguis Banch (CL) U/T Mangers
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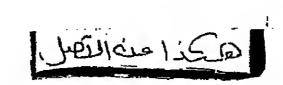
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terday's annual meeting of a

good year for the company aroused demand for the shares of

ing an announcement that it had

found a buyer for the whole of its Paternoster complex in the City.

higher than the previous year

and this fuelled speculation that the group was vulnerable to a

takeover, bringing a close of 6

THE NEWS of a substantially lower than expected US trade deficit for April, quickly followed by a surge in the dollar and a bumper opening ou Wall Street, brought a rapid turn for the bet-ter on the London securities markets yesterday. Equities burst through to a new peak for the period since the Crash of October 1987, closing 27 points up on a welcome improvement in husiness levels. Long-dated Government bonds gained a full point, reaching their best levels since the end of April, although the near dates, restrained by the pound's fall, were little changed

on the day.

Equities were led by the major exporting stocks, which responded quickly to the fall in sterling against the dollar. Glaxo, a major dollar earner, stood out strongly, and currency factors also drove Beecham, ICI, BOC, and Unilever ahead. The exception was BAT Industries, which fell in heavy trade following an adverse medical liability ruling in a US Federal court.

The FT-SE 100 Index, seven points down ahead of the trade figures announcement from across the Atlantic, closed a net 27.4 up at 1866.2, a significant move above the March 18 reading of 1855.5, the previous post-Crash peak and seen as an important chart resistance point. The Index stood at 2301.9 on the eve of the Crash in October '87.

Seaq turnover increased to 481.3m shares (320.8m ou Monday). While much of the immediate gain in the market reflected price mark-ups hy the market-makers, the Seaq total reflected the appearance of genuine investment buyers towards the end of

the day.

Traders and analysts, while market's stressing that the market's advance was "very important". kept their enthusiasm under restraint. The dollar is the key", commented Mr Roger Charlesworth at Chase Manhattan. "It has to continue its upward prog-ress". An arhitrage dealer commented, "There has not been a great deal of change. But the climate feels much better".

The market was virtually at a standstill ahead of the US news, and waited cautiously for the response from the US dollar, and then from Wall Street, hefore breaking out for new ground. The seasonally adjusted US trade deficit of \$9.89bn for April compared with UK expectations of around

In bonds, there was a distinct

EQUITY GROUPS

FT-SE 100 SHARE INDEX &

Equities at post-Crash peak and long Gilts higher

"long longs" added just over a point but the short dates stayed put. Yields on UK long Gilts dipped to 9.27 per cent, the lowest since April 22, cheered by the fall to around 8.8 per cent in yields on US long bonds. Retail buyers entered the market at the close. The credit markets consider

themselves safe from a further hike in base rates while the pound is at its present levels against the German mark. However, expectations that domestic rates will be pushed higher again if the pound continues to fall kept buyers away from Gilts with maturities before 1991/92. Indexlinked bonds were largely over-

BAT Industries encountered heavy selling pressure following the first defeat for the US tobacco industry in more than 300 liability suits since the 1950s. A Federal court jury decided that the Liggett gronp along with two other US tobacco companies were partially liable for the death of a smoker who died of lung cancer

BAT shares dropped from 439p to 418p before market fears were allayed and a strong recovery instigated by a statement from the UK group. It said "fears raised by Farmers group regard-ing tobacco product liability are groundless, and simply attempt to divert attention from the real issues. The narrow verdict against Liggett deals with spe-cific advertisements run by Lig-gett in the 1950s and clearly has no impact on B & W. Batus, and

the Farmers' acquisition' The recovery in the stock was aided by the broad mid-afternoon surge in equity values after release of the US trade figures and, after turnover of 14m shares, the price closed a mere 3 down on halance at 436p. Rothmans International moved in sympa-

thy, ending 8 down at 427p.
With crude oil prices still weakening, and no news from the Opec meeting in Vienna, where a roll-over of current output agreements seems the best hope, the major oil stocks were left out of the excitement in other dollar 1077p, saw little interest. BP closed unchanged at 70p on turn-over of 6.2m, with the old a touch better at 269p with only 2.1m

the market. General Accident came in for a bout of selling, the shares dipping 15 at worst before closing a net 5 off at 937p on

after US trade deficit news

	June	June	June	Jure	June	Year	19	88	Since Co	mpilation
	14	13	10	9	8	Ago	High	Low	High	LOW
Government Secs	90.03	89.80	89.89	\$9.80	89 78	92.28	91.43 (18/4)	86.97 (13/1)	127 4 (9/1/35)	49.18 G/1/75)
Fixed interest	98.20	98.18	98.12	98.03	98,21	99.08	98.67 (25/5)	94 14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary 🕈	1482.7	*1458.6	1468.2	1463.7	1455 2	1794.5	1482.7	1349.0	1926.2	49.4
Cold Mixes	221.2	217.2	228.6	228.5	232.5	388.7	312.5 (7/1)	195-1	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.53	4.50	4.52	4.53	3.19		S.E AC	TIVITY	
Earnings Yld. %(ful)	11.41	11.64	11.57	11.60	11.64	7.71	le	rdices	June.13	Jane 10
P/E Ratio (setXY)	10.68 25,773	10.48 25,040	10.54 25,790	10.51 27,359	10.51 22,647	15 99 52,118	Equity Bars	Bargains	202.8	101.2 195.8 3068.0
Equity Terriover (Sm) Equity Bargains	:	1304.26 31,294	1517.85 30,223	1101.55 28,930	1006.66 25,334	1715.75 63,295	5-Oay avera 6th Edged (Bargains	104.9	105.9
Shares 7 raded (m0	•	388.1	591.0	446.1	416.5	614.7		¢		2356.0

Day's High 1482.9 Day's low 1455.4 Basis 100 Gort. Sees 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil = 10.58.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

fund-raising operation.

The strong feature in the secwas Guardian Royal Exchange, which jumped 17 to a strong boost as sterling reacted 933p as the shares, which have sharply in the wake of the US heen left behind recently. attracted huyers on the basis of the high yield. County NatWest WoodMac has Guardian on its

Morgan Grenfell moved higher but ended off the top at 352p, a net 9 higher although market analysts expressed scepticism of recent bid stories, of which the latest hinted that a Swiss bank might be interested.

The clearing bank stocks closed firmly, Lloyds adding 10 to 309p and Barclays 5 to 415p, but business was moderate. The Brewery majors benefited from a securities house "bny"re-

commendation and Allied-Lyons earning issues. Shell, 9 up at jumped 9 to 428p and Guinness gained 6 to 338p while Whitbread "A" advanced 7 to 311p and Scottish & Newcastle 12 to 326p. Regional issues were less fortu-nate and J.A.Devenish dropped It was an active session for 21 to 331p on disappointment composite insurance stocks, with the static interim profits, which paid little heed to cur- Buckley's weakened, reflecting rency factors moving the rest of possible ramifications from the collapse of Barlow Clowes and settled 11 lower at 155p. But Dis-tillery shares firmed behind Invergordon which shot 37 rumours that the group was higher to 293p, after 303p, after a about to take NZI off Sir Ron report that an unnamed predator

Brierley's hands, a move which was considering a bid. Hawker could involve a rights or similar Siddeley, up 11 at 509p, holds a 65 Siddeley, up 11 at 50%p, holds a 65 per stake in the Scotch whisky distiller.

International stocks were given trade figures. The early advance on Wall Steet also inspired confidence and helped generate a little more buying interest than of late. Activity expanded in Glaxo (some 2.8m shares changed nds) with the shares closing 39 to the good at 972p. BOC were also noteworthy for a rise of 20 at 416p along with Beecham which put ou 12 at 477p. A sizeable in-house order lifted Reckitt and

Wellcome, however, failed to participate in the strong revival, closing only 5 to the good at 550p as a possible future rival for the group's anti/Aids drug Retrovir emerged from the Stockholm conferecence. London International, in contrast, featured a rise of 15 at 274p, as a number of anaylsts began to take a long-term bullish stance ou prospects for the group's health and personal prod-

tive activity in the previous trading session, were again briskly traded (50me 5.1m shares changed hands) before settling a penny firmer on the day at 228p. Pilkington, awaiting today's preliminary figures, nudged a few pence higher to 215p.

Cable & W) (*364)

Cons. Gol (*1042)

6.E.C. (*148)

6.K.N. (*315.)

Grand Met

(*174)

STC ("272)

Salesbury (*223)

Shell Trace (*1074)

advanced 17 to 277p, while Ren-ters moved up sharply to record a

IIS demand. Low and Bonar gained 6 to 245p on details of the sale of companies in its electronics division which are expected to raise around £35m. Satisfactory preliminary figures left BSS 10 to the good at 383p, while Metal Clo-sures improved 3 to 213p on the increased its stake to just over 26 per ceut. Toye, also reflecting stakeholding news, rose 10 to

Store shares showed more signs of life, particularly in the afternoon trading session. Interest in Marks and Spencer expanded noticeably after the recent lean spell, with the shares improving 3½ to 175p in a volume of some 5.6m. Dixons edged up 5 to 190p, while a persistent buyer left Sears 14 to the good at 120p. US influences, prompted a gain of 6 to 132p in Laura Ash-

Colorvision jumped 25 to 300p Laporte improving 9 to 423p and

LONDON TRADED OPTIONS

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P & O. (*60])

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NEW HIGHS AND LOWS FOR 1988

on the bumper preliminary fig. aroused demand that the 6 to 199p.

Pleasurams which rose 6 to 199p.

Emess featured brightly amid of the latest profits downgrading thoughts that the battle for con-trol of French lighting group Holand, encouraged by sterling con-solutions, closed 11 np at 269p. ophane could be swinging its way Motor Distributors provided a Motor Distributors provided a EMI, whose recently revised couple of firm spots in Lookers, 5 and ended 26 up at 477p. Thorn increased offer was believed to have received approval from the larry dearer at 1150, but consists french authorities but has since nent leader Lucas Industries. been challenged by market hreak-up value of near £4 per hreak-up value of near £4 per share stimulated support of united Scientific, np 8 at 196p, while Farnell Electronic rose 6 to while Farnell Electronic rose 6 to available. Elsewhere Jenerson swurfit jumped 14 to 460p hut Smurfit jumped 14 to 460p hut Lames Cropper reacted 5 to 198p on the warning that margins were under pressure. Agencies responded to currency influences and Santahi & Santahi agencies

288p but Telecomputing rell 10 in a thin market to 113p.

Cable & Wireless led major Electricals higher with a late advance of 6 to 364p. Racal Electronics, marginally hetter at 313p, has rearranged announcement of the annual results and details of the Vodafone flotation which will be made known before remains unclear, but British. trading commences on the morn-Land continues to feature heavily ing of June 28. in most remours.

Tesco warmed to fresh institu-tional demand and rose 6 more to 155p but features eleswehere in the sector Moun-tiegh improved 10 to 185p follow-ing an announcement that it had the Food sector were faw. Slightly hetter-than-expected-Slightly hetter-tnan-expected participation of the state ns 21/2 to 61 1/4 p.

The Building sector provided several noteworthy movements. British Dredging continued to attract considerable attention in the wake of news of Newarthill's increased holding (22.1 per cent) and advanced 11 to 169p. Bid hopes together with Newcastle development prpospects prompted further demand for S. Miller which closed 12 to the

Currency infinences were largely responsible for a sharp gain in ICI which moved ahear strongly to close 32 to the good at 1058. Volume amounted to some 1.6m shares. Other Chemical issue also made a good showing,

ANS (1) Trans. Adamic res., SUEDING estones Pts., STORES (1) Blanchard CANADANE (1)

(1) Johnstone Pts., STORES (1) Blanchartz

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These Indices are the joint commitation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

FT - ACTUARIES INDICES

Year 290 (approx Mon Jun 13 Fri Jun 10 Ton Jose 9 Tuesday June 14 1988 & SUB-SECTIONS Index No. stocks per section 11.31 771.80 776.80 776.80 279.86

21.36 1697.75 1912.92 1808.33 1270.40

25.92 1581.67 1990.69 1573.92 1702.29

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6.02 441.61 466.94 467.37 522.52

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19.26 1185.65 1185.44 1192.64 1194.65 2 CAPITAL GOODS (208) ... ?******************************** 10.02 10.17 10.17 9.84 10.84 9.01 10.29 11.48 9.01 8.76 10.46 8.29 8.23 6.66 7.85 9.24 10.12 11.59 11.50 11.30 11.30 11.30 11.30 12.44 11.56 13.69 12.93 12.87 11.94 9,94 13.19 14.44 12.01 15.20 17.52 16.20 17.52 16.20 17.52 16.28 13.26 15.36 23.04 11.46 18.37 10.81 11.99 11.99 11.99 11.99 11.99 11.99 11.99 11.99 1024.24 1595.54 Contracting, Construction (35) 2087.07 1642.65 Electricals (12). Mechanical Engineering (56).
Metals and Metal Forming (8).
Motors (13) 481.27 488.47 276.19 1308.83 1107.07 1137.34 987.93 2037.75 1078.58 Other Industrial Materials (24) CONSUMER GROUP (187) Brewers and OistIllers (21) ... Food Manufacturing (23) Food Retailing (16) Health and Household (12). 1343.96 584.34 3441.52 425.37 592.51 Leisure (301 . Packaging & Paper (17) Publishing & Printing (16) ... Stores (35) Textiles (17) OTHER GROUPS (92) Agencles (19) Chemicals (20) 1971.25 Telephone Networks (2) Miscellaneous (26) 975.09 +1.5 9.61 3.82 12.98 12.84 960.64 964.63 962.48 1194.65 49 INDUSTRIAL GROUP (487) ... 5.48 12.47 39.00 1847.93 1871.18 1854.89 2193.97 4.85 12.91 14.34 1835.63 1041.18 1837.80 1279.37 10.35 14.08 18.03 24.97 13.82 26.67 3.94 11.21 5.96 712.57 719.94 711.49 811.39 676.69 688.71 679.40 856.67 1977.43 1972.44 1834.24 1166.87 559.32 567.92 548.69 601.11 978.43 981.91 978.24 1198.85 372.27 377.80 378.23 481.58 720.68 689.75 1845.73 561.63 1008.88 373.87 4.65 5.99 4.88 5.27 6.31 3.72 2.54 4.74 28.64 62 | Banks (8) Insurance (Life) (8)
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Insurance (Composite) (7) 9.57 13.49 4.77 9.88 26.88 12.57 Merchant Banks (21)... 1254.83 393.42 1238.29 1240.85 391.45 393.90 2.93 3.53 4.94 10.24 0.12 71 Investment Trusts (80) 81 Mining Finance (2) 531.53 589.25 531.65 -9.07 11.43 99 ALL-SHARE INOEX (712) ... 14.09 950.57 955.97 951.87 1158.71 4.31 963.35 +1.3 Day's Low Day's Change Day's High Jen 10

	FI	KED I	NTE	REST			REDEMPTION YIELDS Jun J	lon Year un ago L3 (approx.)
	PRICE INDICES	Tue Jun 14	Day's change	Mon Jun 13	ud ad). today	xd adj. 1988 to date	2 Coupors 15 years 9.89	8.81 7.92 9.18 8.68
2 3 4	Over 15 years Irredeemables	123.69 141.48 158.53 167.18 137.89	+0.48 +0.69 +0.43	122.97 141.02 149.50 166.46 137.49	9.21 - - 0.11	5.33 5.58 6.67 6.31 5.67	4 Medium 5 rears 9.23 5 Coupous 15 years 9.27 6 Z5 years 9.11 7 Righ 5 years 9.34 8 Coupous 15 years 9.43 9 9 9 9.16 10 presembles 9.00	9.01 8,69 9.28 8,72 9.37 8,92 9.16 8,92 9.37 8,93 9.51 9.05 9.22 8,85 9.03 8,75
7 8 9	Over 5 years All stocks Debestares & Luzas	127.95 121.19 121.57 119.48	+0.23 +0.23 +0.05	127.67 120.91 121.29 119.45	- - D.03	0.51 1.46 1.37 5.88	12 lariation rate 5% Over 5 yrs. 3.81 13 inflation rate 10% 5 yrs. 1.76 14 infration rate 10% Over 5 yrs. 3.65 15 Debs 6 5 years. 18.24 3: 16 Lames 15 years. 10.59 1	2.76 2.51 3.82 3.77 1.83 2.14 3.67 3.69 0.26 9.84 0.60 9.93 0.62 9.97
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40pening Index 1834.9; 10 am 1835.4; 11 am 1832.6; Noon 1831.9; 1 pm 1832.3; 2 pm 1841.1; 3 pm 1858.5; 3.30 pm 1858.5; 4 pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents available from the Publishers, The Financial Times, Bracken House, Casses Street, London ECAP 48Y, price 15p, by post 32p.

لعكذا منهالنكسل

benefiting from a small bear squeeze and strong investment interest from several large buy. ers to close 6% up at 199p on a relatively healthy turnover of 14m. Otherwise there was little movement, save for Polly Peck, 4 better at 313p. Wills Group, 3 better at 180p, and T.Cowie, simifirmer at 115p, and Harrison. Crosfield, 2 down to 618p and suflarly dearer at 115p, but Compofering, like much of the sector. slipped to 533p; analysts are curfrom a weak sterling.

Business in Traded Options picked up smartly after the US trade figures were released. Overrently visiting the US aerospace operations of the last-named all, contracts totalled 39,722, with 30.547 calls and 9,175 purs. The oil sector was particularly active and the best of a good bunch was a BP's 2,350 calls, of which 1,000 available. Elsewhere Jefferson were contracts for July and Octo-

> **Traditional Options** • First dealings June 13

Investment Trusts were on the move after weeks of pegiect, and

American stocks showed best because of the improvement in

the dollar. Highlight of the bunch was Alliance Trust up 12 to 610p

and Fleming American up 5% to

Incheape continued its good run

Among the overseas traders

Last dealings June 14 Last declarations Sept 15 • For Settlement Scot 26 For rate indications see end Landon Share Service Interest in the Traditional option

market expanded considerably yesterday. Stocks to attract money for the call included Ahbey Life, Rock, Bryant Hold-ings, Tyndall Holdings, Charter-hall, Normans Group, Camford Engineering, Far East Resources, Cambian Venture, Sovereign Oil, Courtonide, Pleasurams, Owners Abroad, Morgan Grenfell and Regenterest. Puts were arranged in Logitek and Harris Queen-sway, while double options were transacted in Sovereign Oil, S. Miller, Bryant Holdings, Tyndali Group and Cambian Venture.

TRADING VOLUME IN MAJOR STOCKS

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

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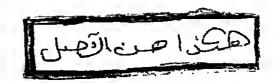
Traditional Option

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MAJOR STOCKS

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WORLD STOCK MARKETS



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FINANCIAL TIMES

OVER-THE-COUNTER

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And ask for details.

AMERICA

Encouraging deficit figures May's nervous tone Paris and Amsterdam rally lift Dow to post-crash high

Wall Street

EQUITIES surged yesterday in response to a set of very encouraging US trade figures in April, taking the Dow Jones Industrial Average to new post-crash highs. writes Janet Bush in New York. The Dow index drifted below its highs but its close was still the best since the October crash, surpassing the previous peak of 2,110.08 on April 12. It closed 25.07 points higher at 2,124.47. After the third lowest volume this year on Mnnday, activity picked up sbarply and more than 220m

shares were traded.
US Treasury bonds were the star performers with prices jump ing by more than 2 full points. In late trading, the Treasury's benchmark long bond was quoted 2% point higher to yield 8.811 per

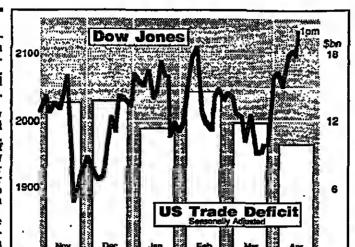
This is the lowest yield on the Treasury's beliwether 30-year bond since April 13.

revised \$11.7bn shortfall in March. Without seasonal adjustment, the deficit widened to

\$9.78bn in April from \$9.53hn. Markets were impressed by the fall in imports. The decline was concentrated in the auto and consumer goods sectors, providing evidence of a weakening in trade balance.

The bond market was particularly happy that the fall in imports came at the same time as a small decline in exports, sug-gesting that pressures on capac-ity, which had lain behind some of the fears about higher inflation, may have eased.

In both the equity and bond Texaco lost an early gain to markets, traders reported genn-close \$% lower at \$50%. Bear. ate at 27m shares.



both markets rally on mostly pro-

The merchandise trade deficit somewhat from their initial gains fell to a seasonally adjusted in response to the data, bonds \$9.89bn in April compared with a revised \$11.7bn shortfall in point, the Dow Jones Industrial Average was posting gains of more than 40 points.

that the sharp rally in bonds at least could not be sustained. Economists said there continues domestic demand, which has to be healthy growth, but there always been a prerequisite of a are still concerns about capacity substantial improvement in the usage, which is at high levels,

and rising commodity prices. In the equity market, blue chip issues were sharply higher, Inter-national Business Machines rose \$1% to \$118%. General Electric added \$% to \$43%. American Telephone & Telegraph put on \$% to \$27% and Coca-Cola gained \$1/4 to \$39.

ine institutional buying, in stark Stearns executed a huge block contrast to last week which saw trade in 7.7m Texaco shares representing a 3.2 per cent stake in fessional activity. the company. There was specula while equities pulled back that Mr Carl lcahn, who already owns a 14.8 per cent

stake, may have been the buyer. A sector which bucked the general upward trend was tobacco stocks. They were under pressure after news of the industry's first While the trade figures were defeat in a liability case. Liggett plainly good for all markets, Group was found partially liable there was nevertheless a feeling for the death of a woman from lung cancer. Its stock slid \$1/2 to

> Philip Morris fell \$1% to \$83%, RJR Nabisco dropped \$1 to \$47 while American Brands held np better, quoted \$1/4 higher at \$451/4.

_		
	Car	nada
	Cal	iaya

stocks in Toronto where the composite index gained 19.51 to

THE US trade figures huoyed

Low volumes reveal

TURNOVER continued to fall on per cent - are particularly susmost leading European bourses ceptible to events on Wall Street, last month and several stock and these two bourses recorded exchanges turned in their worst their lowest monthly volumes exchanges turned in their works monthly performance this year in this year.

The second improved activity.

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The second improved activity is a second improved activity.

wes for March dragged European the market and investors refused hut Helsinki reached a fresh volumes down for the second to react to any news other than consecutive month as fears of bad. Volumes fell by 4.5 per cent higher interest rates and infla- on the month and share prices tion unnerved investors after the moved in a narrow trading range. deficit turned out to be much Turnover in Brussels was 14.7 lower than expected. per cent lower than in April as election deadlock and gloomy

The picture so far this month is much better, with turnover picking up right across Europe as the international economic scene to put their money into bonds and other instruments, and oriimproves, fears of interest rate rises recede and the dollar paid in May and June. The mar-

Italy and the Netherlands were the worst hit markets last month, falling 23.5 per cent and 20.9 per cent respectively in local cur-rency terms, according to figures from County NatWest WoodMac,

in many, foreign and domestic stage in volume terms, with turninvestors retreated to the side lines amid concern over the budget deficit and fears that get deficit and fears that government plans to tackle it were tion helped boost huying, along ment plants to dearth of take with a realisation that the mar-over speculation also took its toli, ket was undervalued compared and huying interest all hut dried with others in Europe. Takeover up, with the Milan bourse falling speculation and a small cut in 7 per cent over the month, according to the FT-Actuaries World Indices.

Both the Netherlands and Zur- umes rose 5.8 per cent last month ich - where turnover fell 129 over April.

EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bn)

Bourse	May '88	Apr '88	Mar '88	Feb '88	Jan '88	លោម៉ា av'87
Belglum	33.2	38.9	93.2	197.0	59.8	65.7
France	55.0	52.0	48.2	67.2	46.4	85.3
Germany	31.8	33.3	51.3	46.7	29.6	56.8
Italy	9,704.0	12,692.0	22,424.0	15, 196.0	6.396.0	11,264.0
Netherlands	7.2	9.1	12.8	a.8	8.0	12.7
Spain	418.0	429.7	555.4	329.4	389.2	810.1
Switzerland	12.1	13.9	15.2	20.7	14.8	21.2

A DROP in the bullion price pushed Johanneshurg gold stocks lower yesterday. The gold hullion fall followed the release of the surprisingly low US trade deficit figure and the subsequent rise of the pushed no Araya Industrial, the close, the Hang Seng index had bicycle parts manufacturer, by Y40 to Y1.510 for a two-day gain of Y110, while Keihanshin Real Estate rallied Y50 to Y1.090 The lim Seiki, the continued speculative interest pushed parts manufacturer, by Y40 to Y1.510 for a two-day gain of Y110, while Keihanshin Real Estate rallied Y50 to Y1.090 The lim Seiki, the continued speculative interest pushed Johanneshurg gold stocks lower yesterday. The gold hullion fall followed the release of the surprisingly low US trade deficit figure and the subsequent rise of the dollar. Vaal Reefs lost R2 to Driefontation Seiki, the continued speculative interest pushed Johanneshurg gold stocks lower yesterday. The gold hullion fall followed the release of the surprisingly low US trade deficit figure and the subsequent rise of the dollar. Vaal Reefs lost R2 to Driefontation Seiki, the continued speculative interest pushed provided the release of the surprisingly low US trade deficit figure and the subsequent rise of the dollar. Value Reefs lost R2 to Driefontation Seiki, the continued speculative interest pushed provided the release of the surprisingly low US trade deficit figure and the subsequent rise of the dollar. Value Reefs lost R2 to Driefontation Seiki, the continued speculative interest pushed provided the release of the surprisingly low US trade deficit figure and the subsequent rise of the dollar. Value Reefs lost R2 to Driefontation Seiki, the continued speculative interest pushed parts and the subsequent rise of the surprisingly low US trade deficit figure and the subsequent rise of the surprisingly low US trade deficit figure and the subsequent rise of the surprisingly low US trade deficit figure and the subsequent rise of the surprisingly low US trade deficit figure and the subsequent rise of the surp Surge in steels helps Nikkei recover

Tokyo

A LATE buying surge held the level in Tokyo vesterday after an earlier retreat as investors moved to the sidelines for the imminent release of the US April trade fig-ures, writes Shigeo Nishiwaki of

day's high of 28,085.81 shortly after the opening, hit a low of 27,926.24 at the beginning of the afternoon session. But it recovered to close 25.26 higher at

Turnover remained thin at 930m shares compared with Mon-day's 939m. Gains led losses by 432 to 420, with 203 issues unchanged.

Institutional investors continued to be cautions and individuals also slowed down their pace of buying. But small-lot purchases of steels in the mid-afternom session helped animate large-capitalisation and hightechnology stocks, pushing up the Nikkei average.

Officials at major hrokerage houses said there was no specific incentive behind the rally. Investors were apparently encouraged by the recovery of steel share prices, which had been falling in recent sessions. Optimism grew that the US trade figures would have no major negative impact, the officials added.

Among large-capital issues, Kobe Steel lost Y14 to Y460 at one stage, before closing Y13 higher at Y487 on the day's most active trading of 65.21m shares. Nippon Steel ended Y14 higher at Y529.

Figures in parentheses show number of stocks

Australia (88).

8eigium (63). Canada (125)

Finland (25)

France (128) West Germany (99). Hong Kong (46) Ireland (16).....

Italy (102)

Japan (456) .

Mexico (14).

Netherland (38) ... New Zealand (21) Norway (25)

Singapore (26).... South Africa (60) Spain (42)

USA (578) ...

North America (703)

Europe Ex. UK (686) Pacific Ex. Japan (217) World Ex. US (1885) ...

World Ex. UK (2136)..... World Ex. So. Af. (2403). World Ex. Japan (2007)...

Sweden (36)

Europe (1013)

NKK was up Y8 at Y520 and Kawasaki Steel rose Y15 to Y549 after falls of between Y4 and Y12. Large-capital chemicals also firmed, with Sumitomo Chemical

adding Y20 to Y1,090. to Y2,610 and Y2,220 respectively, while Sony was np Y30 at Y5,170. Rumours of heavy purchases by a group of speculators swelled

huying of Iwatsu Electric. It chalked np a daily maximum allowable gain of Y200 to Y1,440. Prima Meat Packers drew speculators' interest with rumours that its second largest shareholder, Oscar Mayer, would sell its holdings in the company. The share jumped Y100, a daily limit increase, to Y907 and then finished Y78 higher at Y885.

Ajinomoto, which announced plans to apply to the US Food-and Drug Administration for clinical tests of its letinan anti-cancer agent as a drug to treat AIDS, registered a Y30 increase to

Bond prices continued to decline due to afternoon selling by major dealers amounting to several tens of billions of yen, apparently for position adjustment. The yield on the 5.0 per cent government bond maturing in December 1997 rose from 4.615 per cent on Monday to 4.660 per

Prices on the Osaka Securities Exchange seesawed, and the OSE higher at 27,853.84. Turnover index approached its post-crash

TUESDAY JUNE 14 1988

104.15 109.01 115.89

80.88 64.03 89.28

57.98 144.10 118.96 138.46 89.59 68.18 105.22

135.15 101.35 66.84 114.90 92.67

90.98 140.86 120.92 93.28 76.15 101.85

120,24

109.07

109.57 93.01

Change %

-0.7 -0.7 -0.7 +1.0 -0.9 -1.0

-0.7 -0.1 -0.1 +0.3

41.05

141.05 86.57 122.44 125.39 131.25 139.53 97.38 77.09

107.49 138.47 69.80 173.50

166.70 107.86 82.09 126.68

119.51 131.49

122 02 80,47 138,33 111,58

109.54 169.60 145.58 112.31

91.68 122.62 144.77

131.31

131.92 111.98

Among high-tech issues, Mitsubishi Electric, which dropped Y7 hriefly, finished Y6 higher at craft parts maker, fell Y60 to Before noon the index was up

Australia

THE LACKLUSTRE outlook for bullion and commodity prices led the market lower for the fifth ecutive session and although the All Ordinaries index climbed off its lows it ended 17.1 weaker than on Friday at 1,569.5. Tha market was closed on Monday for

Investors were worried by the weekend slump in gold prices and hy a perception that the recent improvement in commodity prices was coming to an end. There was also widespread squar-ing of positions before yesterday's US trade figures. Persistent selling meant falls led rises hy around two to one and most blue chip industrials followed the

downward lead of gold stocks.

Among leaders BHP fell 14 cents to A\$8.50, Adsteam gave up 20 cents to A\$6.60 and CRA lost cents to A\$8.50. Banks closed lower on moderate turnovers while Woolworths lost 9 cents to

Hong Kong

MONDAY JUNE 13 1988

79.84 63.89 86.81 113.29 57.98 142.63 116.83

139.36 87.64 67.59 103.07

97.59 106.74 134.24

100,04 66,31 113,29 90,18

89.99 139.45 119.67

90.80 75.53 101.09 118.94

107.30 107.83 91.12

stock average finished 26.91 THE MARKET faltered as the

FT - ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Gross Oiv. Yield

3.72 0.71 1.62 3.48 3.23 3.95 1.70 2.07 2.26 3.60

110.59 118.26.73 89.97 69.98 127.23 67.56 138.62 142.14 415.52 62.13 109.01 111.38 85.48 141.82 109.60 72.97 114.56

95.76 136.42 120.24 111.54

119.69

117.06 117.07 105.75

144.22 87.59 123.68 132.68 137.78 77.82 78.28 106.37 138.81 71.03 174.75 107.37 82.81 130.78 130.78 130.78 130.78 130.78 130.78 130.78 130.78 130.78 130.78 130.78 130.84

110,26 170.85 146.62 111.25 92.54 123.85

145.73 131.47 132.11

111.65

Y822 and Toshiba rose Y10 to
Y1.120 on profit-taking after Mon32 points at 2,680, hnt it fell back
Y225. Matsushita Electric Indusday's Y50 gain. on profit-taking as it neared the post-crash high of 2.684.13 achieved in April. The market has risen 200 points over the last two weeks and investors were

anxious to hedge their bets. panies led the rises. Jardine Matheson rose 40 cents to HK\$13.20 and Hutchison put on 30 cents to HK\$9.20. Shares in Sing Tao were unexpectedly suspended and hrokers were uncartain when they would resume trading.

Singapore

EARLY losses sent the Straits-Times industrial index down 3.98 points at noon, but news of the recovery in Tokyo boosted sentiment and the index closed mar-ginally higher at 1,045.3, a gain of

ings, but the return of specula-tive buyers in the afternoon helped to erase losses. Trading was fairly active. Turnover fell to 45m shares from 46m on Monday and gains led losses by 103 to 62.
Among active stocks, Industrial Oxygen rose 7 cents to 88 cents with 2.6m shares changing

DOLLAR INDEX

91.16 84.35 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 62.99 133.61 107.83

90.07 95.23 64.42 98.55 97.99 118.16 130.73 96.92 75.60 123.09 99.19

97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77

113.26 100.00

136.93 86.45 116.81 126.07

120.11

109.76

92.83 125.49 128.20

101.64 156.92 166.84 244.02

244.02 118.06 99.02 139.23 140.21 162.05 114.20 114.88 93.66 152.27 124.86

121.90 154.87 141.72 124.92 103.06 130.00 141.45

133.26 134.77 124.52

1988 High

145,74 98.18 139.89 125,89 132.72 139.53 99.62 80.79 107.49 138.81 81,77.27 144.14 176.90 110.66 82.81 132.23

164,47 125,50 86,75 141,18 111,58

112.31 92.99 123.92

146,49 131,47 132,12 111,98

116.18 132.15 113.37

110.18 118.33 189.38 70.20 106.64 126.10 68.01 138.25 141.94 425.65 94.90 111.20 85.66 142.64 142.66 113.29 109.24 72.66 113.49

95.02 136.10 119.76 110.49 83.61 109.05 119.22

COMMERZRANK

after better US trade news

EUROPE

A QUIET and cautious morning was transformed by the US trade figures and the FT-SE 100 index jumped from a 7 100 index jumped from a 7 point decline to a new post-crash high, putting on 27.4 points to 1,866.2. Turnover improved to 481m shares.

International stocks led the recovery, with ICI, Glaxo, Beecham, BOC and Unilever all PARIS proved something of a surprise to analysts, with share prices rallying despite the political uncertainty caused by the

BAT Industries and Rothmans fell in heavy trading after the Liggett tobacco rul-

the improved US trade figures. able by one trader, who said: The market looked as if it was ing in the US, but losses were limited by a statement from going to tread water...now it looks very much on the up and announcing a rise In four-month

Investors appeared to shrug off the resignation of Mr Xavier Dnpont, the stock exchange chairman, in the wake of the FFr500m losses suffered last year on the bourse's reserve fund, as

well as news that members of the stock exchange association would be asked to top up the fund.

There was good news late in the session from Valeo, the car components maker, which reported its profits more than doubled to about FFr500m in the first half. The share price rose FFr10 to FFr480.

Other gains included Cluh Med. up FFr10 at PFr460, and Per-rier, FFr28 abead at FFr891. Cie du Midi recovered to close at FFr1,523, up FFr13, after its sharp

peak, writes Our Markets Staff.

The Indicateur de Tendance

recovered from early falls to

close up 0.60 at 129.50 on news of

institutional investors preferred news from the stock exchange.

vate investors held on to equities

ket, which saw dizzy activity dur-ing the protracted battle for con-trol of Societe Generale de

Belgique in February and March, .

year's average monthly level.

produced volumes at half last up

fall on Monday.

AMSTERDAM took off after an uninspiring start, responding favourably to the US trade fig-ures and their implication of steadier dollar earnings for Dutch multinationals. At the close the all-share index stood at 89.8, up 1.3 from Monday, in only slightly higher turnover.

Philips rose 60 cents to Fl 30.70 on news it was taking full control of audiotape producer PD Mag-netics, a joint venture with US company Dupont. Elsevier rose Fl 1 to Fl 57.70 after announcing the takeover of US printer Springhouse for an undisclosed

HELSINKI reached another record in turnover of FM300m, the heaviest this year. The Unitas all-share index rose 4.8 to 717.4 overtaking the previous record of 714.6 set on June 6.

ing rumoured to be on behalf of foreign investors. Dow Chemical London is expected to announce that It has added to its 5 per cent stake and Montedison shares continued

to rise in after hours trading, reaching L1,680 before L1,653. Ferruzzi Agricola also rose strongly, closing up L69 at L1.410. Other stocks retreated, among them Cir, which gave up L96 to L5,255 after it announced a SFri00m bond issue via its international subsidiary.

MADRID was hit by profit-taking after Monday's gains and the general index eased 1.04 points to close at 299.70. Analysts said nuderlying sentiment remained strong and anticipated a renewed

breakthrough of the psychologi-cally important 300 level. The announcement by Coffr. profits the previous day.

FRANKFURT had another quiet session, with shares closing mixed in advance of the US trade 15 per cent of its equity accounts. the Spanish arm of Mr Carlo De figures. The FAZ index eased 0.95 aged speculation that Mr De to 488.79.

Benedetti is planning further regimes. The FAZ index essent to 468.79.

Feldmühle Nobel was again the acquisitions, possibly in the foods main feature, falling DM35 to DM290.20 after takeover rumours were dashed on Monday when members of the Flick family abandoned their planned bid.

Motors were stronger, with the relication of par.

Motors were stronger, with the relication of par.

Benedetti is planning further acquisitions, possibly in the foods sector or the industrial area.

Motors were stronger, with the relication of par.

Most of the major blue chips eased, hat Deutsche Bank managed to edge up 10 pfg to DM430. Preussag, the metals, constructure turnover.

tion, energy and engineering Petrofina saw some trading but group, eased DM1.50 to DM166.50 closed unchanged at BFr12.200. after announcing higher first Société Générale gave up BFr110 Petrofina saw some trading but to BFr4,640 amid continuing spec-

Bonds again moved up about about allation over the company's future. The annual general meeting is scheduled for next Tues1998 federal bond at 6.51 per cent against 6.54 per cent on Monday.

ZURICH closed slightly higher ashion but managed to shake off the first trade fearures cannot be constant and closed.

before the US trade figures came
out. The all-share index gained
1.73 to 854.53 in improved turnover, with banks leading the way.

UBS bearers rose SFr70 to
SFr3.240, Swiss Bank Corp put on
SFr2 to SFr355, and Credit Suisse
rose SFr20 to SFr2.520.

MILAN was dominated by techSKr334. The company's aircraft

nical trading in advance of the engine division said it would ben end of account today and by the effit to the tune of SKr250m from close the MIB index had slipped Scandinavian Airlines System's close the MIB index had alipped on the count of the count

Forestry group Kymmene son which gained I.44 to L1,649 as gained 1.78 to 283.24 after a modgained FM4 to FM129 after brokers reported persistent buy- erately active day.

1)

All of these Securities have been sold. This announcement appears as a matter of record only.

960,464 Shares

Morgan Stanley Group Inc. Common Stock

Of the 960,464 Shares, 200,000 were offered outside of the United States and Canada by the undersigned and 760,464 were offered in the United States and Canada by the United States underwriters.

MORGAN STANLEY INTERNATIONAL

Aktiengesellschaft	CREDIT	SUISSE FIRST BOSTON
DAIWA EUROPE DEUTSO	CHE BANK CAPITAL MARKETS Limited	DRESDNER BANK
KLEINWORT BENSON Limited	M	Aktiengesellschaft ORGAN GRENFELL'& CO. Limited
THE NIKKO SECURITIES CO., (EUROPE	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	MURA INTERNATIONAL
SBCI SWISS BANK CORPORATION Intestment banking	UNION BANK OF SWITE	ZERLAND (SECURITIES)
S.G. WARBURG SECURITIES		ERNATIONAL (EUROPE)
ALGEMENE BANK NEDERLAND N.V.	AMSTERDAM-ROTTERDAM BANK N.V	
BNP CAPITAL MARKETS	BERLINER HANDELS- UN	D FRANKFURTER BANK
BANQUE PARIBAS CAPITAL MARKETS		CAZENOVE & CO.
COUNTY NATWEST		CREDIT LYONNAIS
CREDITANSTALT-BANKVEREIN	ENSKILDA SECURITIES Skundingslaka Enskilda Limited	ROBERT FLEMING & CO.
N. M. ROTHSCHILD & SONS J.	HENRY SCHRODER WAGG & CO.	SOCIETE GENERALE

-0.1 109.57 116.85 2.28 132.11 107.82 Base values: Dec 31, 1986 = 100; Finland; Dec 31, 1987 = 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Locat). Copyright, The Financial Times, Coloman, Sachs & Co., Wood Mackenzie & Co., Ltd.1987

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FINANCIAL TIMES PRICES ONLINE

HISTORICAL DATA . RATE UPDATE . STATS PACK

The Use and Misuse of **Statistics**

There are three kinds of he -

lies, damned lies and statistics. Virtually every schoolchild knows Benjamin Disraeli's dismissal of a science that he doubtlessly saw as black as the art of politics itself. But while everyone knows that you can prove anything you want with figures, few have yet realised that misusing statistics when giving investment advice can now land investment professionals with a seven year prison sentence. The essential difference between now and Disraeli's time is the Financial Services Act which makes "misleading statements" an offence. The dividing line between a misleading statement and one that is merely over-optimistic has yet to be tested in the courts but judging by the caution now seen in the drafting of advertisements for unit trusts, insurance bonds and pension funds, the message is being taken very seriously indeed.

It needs to be. For while investors and their advisers might have a healthy scepticism of statistics and while publicity material always contains the small print admonition that past performance is no guide to the future, the past investment record of a fund or a fund management group cannot be ignored. The future is the great unknown. The past, however, may well contain some pointers, even if they are only of the negative kind.

If statistics were not deliberately misused before the Financial Services Act came into full force, they ere certainly treated with a cavalier attitude in many quarters. Fund managers would select their period of comparison. The ABC Global Opportunities Fund might well have been the best performer over three years. But the managers omit to mention that all of that outperformance came in the first month of that period when the fund was lucky enough to strike an Australian gold

mining hotshot. Since then the performance bas

been distinctly below average but counts omissions as seriously as nevertheless the table topping is commissions. It also insists that clearly printed in black and white.

Another statistical abuse is the "fourth in its sector since inception" line. This will omit mentioning that the sector only had four other funds at the time of launch.

An all too common statistical trick during last year's bull market was to compare a unit trust performance with a building society account rather than a relevant stockmarket index or indeed the average of all other comparable funds. When share prices are booming, only the weakest trust fails to beat this test.

Comparison backfires

Purists argue that it is wrong to compare risk-free investment to one whose capital value could fall. Pragmatists retort that most new unit trust money comes out of the building societies so that investors are being shown the difference between action and inaction. Whoever is right, this comparison has now backfired in two ways. Advisers realise that the best trusts compared themselves against the index whilst only the mediocre needed the building society return for flattery. And the post-October crash bear market makes a building society a very safe haven.

The Financial Services Act and the need for independent intermediaries to give best advice should' cut out many of the abuses. Section 47 - which ends up with the threat of seven years imprisonment - says that any person who "makes a statement, promise or forecast which he knows to be midleading, false or deceptive or dishonestly conceals any material facts" is guilty of an offence.

And LAUTRO - the life assurance and unit trust regulatory organisation - says in its rules that advertisements shall be fair, clear and not misleading. LAUTRO

statistics should include a five year record where the trust has one.

One of the benefits of the new financial services legislation is that it forces marketing departments away from the abuse of statistics.

And this will enable advisers to see performance figures in a new light especially if they have access to the same database and software as the

investment companies themselves. This enables them to check if the claimed performance is due to a one off freak investment or if the fund has consistently been ahead of the

And once they have the raw statistics in their hands, intermediaries can look at factors such as volatility. Two funds might go from 100p to 150p in three years but while one might do so in steady steps, the other gets there in a snakes and ladders formation testing lows of 50p and highs of 300p on the way. Looking behind the statistics should help find a fund for the nervous investor and one for the brave. What is the client's risk tolerance?

Obviously statistics are only part of the story. The adviser has also to be acquainted with the fund manager and be aware of changes in arrangements for stock selection and asset allocation. And if a new team takes over, advisers armed with good statistics should at least be able to get some idea of their past record. In best advice terms, onest use of statistics should be a defence against irate clients accusing their intermediary of giving somewhat less than best.

One answer to Disraeli's scepticism regarding statistics is to bave equal if not better figures than your adversary. And the other is to quote that eminent Victorian lady, Florence Nightingale. "To understand God's thoughts, we must study statistics for these are the measure of his purpose."



Andrew Hughes, Finstat Manager, examining a file from the new historical database

Opening the past for the future

History is far from bunk when it comes to financial services and investments. While the past is no guaranteed key to the future, it is an area of stability in the constantly shifting parameters of the investment world.

Finstat now not only provides a daily electronic feed of prices, it can also give the historical data necessary to understand each day's tigures.

Knowing that a unit trust price is 94p bid and 100p offer allows the intermediary to do no more than work out the valuation of a client's holdings and calculate how many units a new holder will acquire for a set amount of cash.

These are essential tasks but they are mechanical, available to any person with access to a pocket calculator. The commission the intermediary earns represents the value added by being able to interpret that price.

And to do that means knowing what the price was the day before, last month, this time last year and five years ago. Or any other timescales that the adviser believes to be relevant.

But until recently, the Finstat historical database was only available for internal purposes, belping to produce the statistics pages of Money Management, Financial Adviser and the other magazines within the Financial Times Business Information group. This meant that while intermediaries could call up the most recent prices on their screens via their Finstat feed, they bad to turn to non-electronic media in the shape of magazines for the historical data that would place the price in context.

The alternatives were expensive. One was to enter several thousand prices a day manually into a spreadsheet or other suitable software. This was costly and risked an unacceptable level of inaccuracies.

The other was to subscribe to an expensive online service which advisers could not shape to their own personal requirements. Now that historical data is available from Finstat, neither of those alternative methods are now needed.

With historic data, Finstat users can now support portfolio valuation systems and calculate the potential liability - if any - of the client to capital gains tax. And that has a statistical proxy - is growing in become a more difficult task since the changes in this year's budget. The price the client might bave paid is no longer necessarily the base

price for calculating this tax. Historic data is also essential for users of graphical and technical analysis systems enabling them to create moving averages and indica-tors of volatility. The ease and comparative low cost of historic data from Finstat will doubtlessly convince many more intermediaries to use these forms of analysis, adding them to their armoury of "best advice" methods.

Extensive coverage

The content of the historical database is being continually upgraded by Finstat but currently, daily prices for unit trusts, insurance bonds, pension funds and offshore funds are available since 1985 with monthly prices covering the period between then and 1970.

And even those advisers who have been manually updating data on a daily basis may not have realised the growing importance of currency exchange rates in the fund equation. In many instances, currencies have been a greater determinant of markets than share prices. Equally, it is important to have the major stockmarket indices of the world. Passive investment where a fund merely tracks an index, having all of its contents - or

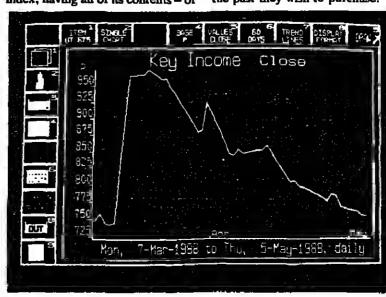
public visibility even if it remains

contentious to many. And recent research among United States pension funds investing internationally has shown that picking the right stocks and shares plays only a minor role in any outperformance by a fund compared with being in the right market and the right currency.

Finstat offers the daily values of the FT-Actuaries Index and daily figures for currency exchange rates and major international indices such as Standard & Poors in New York and the Nikkei in Tokyo since 1979. FT World Actuaries Index values are available daily from 1986.

There are two ways in which subscribers can gain access to Finstat's historic data. The more popular method is installation on the subscriber's computers by a software company who can adapt the format for the requirements of different programs. But historic data can also be provided on a disk in a format which most programs can use. Once the disk has been purchased or specialist program installed, there is daily updating via the normal Finstat feed each even-

However the data is installed, purchasers do not have to buy more than they need. They can choose which information they require, whether they want daily data or some other period and how much of the past they wish to purchase.



Research/ **Fund Managers** Stock Exchange Independent Sources FT Prices **FINANCIAL TIMES** feeds FT of unit Stats Rate Historical Magazine Finview Pack trust Statistics Update data and share prices

No Finstat – no figures

A massive advertising campaign has taught the entire nation the slogan "No FT ..., no comment." Bnt a more select group, whose professionalism and professional well-being depends on accurate statistics, have known for decades that no FT means having to rely on less complete and possibly less accurate sources for share, unit trust and insurance bond prices.

Equally, the FT has achieved worldwide renown for the quality of the various indices that it provides in its pages. The FT-30 Index - and more recently the FT-SE100 (the Footsie) - are quoted in daily general news programmes on both radio and television as well as by other newspapers, some of which have tried in the past to launch rival services but without success.

Whose baby?

And in the highly competitive area of supplying world indices, the FT-Actuaries World Indices series has one great advantage over its rivals in that index figures for 24

major global markets are calculated in a standardized manner. Index values are quoted in several currencies to aid comparison.

But good figures are only a base the raw material to be analysed and used according to the individual's needs. Making them available electronically was a logical extension of the paper's commitment to providing the most effective means of communicating this essential information.

Finstat started in early 1985, the child of two parents. On the one side, there was the FT itself which at that stage was moving away from the old manual methods of typesetting towards electronic setting. As far as the various pages of securities prices went, that decision allowed prices to be directly input from an outside source.

On the other side were suppliers of software who told the FT that similar data available from other sources via electronic means was too expensive. If the FT could provide a low cost electronic feed of its prices, they said, it would open

wanted material that could be sent in such a way that most intermediaries could easily receive it without having to spend heavily on new hardware. Some of the rival services were more suitable for the minority of users who had a mainframe computer. Market research confirmed what the software designers were saying. No conclusion

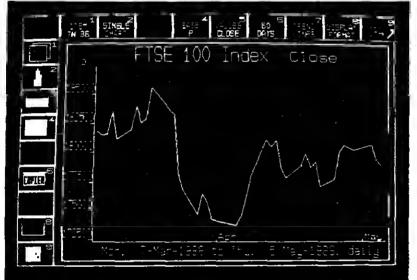
the way to a huge market. They

Finstat was born in Janoary 1985. And it is constantly improving. A growing number of software companies design products fulfilling a variety of needs around Finstat data. At the last count, there were over 30 packages available and more are in the pipeline.

And as the applications grow, so too does the number of financial advisers who take Finstat. There are currently several hundred end users both in the United Kingdom, where they are by no means confined either to the City or even to the major conurbations, and abroad including Spain, Luxem-bourg, the United States, Cyprus, West Germany and Belgium. Banks, building societies and fund managers take Finstat as well as intermediaries.

It has proved to be reliable, cost effective and accurate as well as having price advantages and the flexibility to support a wide range of applications of which the three most important are portfolio valuations, analysis and sales support, includ-

The story of Finstat so far is one with no final conclusion in sight. Development into the scope and the speed of the service continue apace. And unless progress in electronics and the needs of intermedaries and others in the financial arena suddenly both become finite, concluding chapter either.



Financial Times Prices

Where the figures come from

Well before you go to bed each night and trading starts in the Far Eastern markets, thousands of Finstat prices have been downloaded to subscribers' computers along the telephone lines using Telecom Gold. But even before they leave oo that journey, they have already

travelled a long way. To value the 6,000 Finstat quoted unit trusts, bonds, pensioo and offshore funds the fund managers have had to collect prices from bourses all over the world. Around half the figures sent out each day are the result of stock exchange trading in London. That market closes around 5.00p.m. each day. Immediately afterwards, some 3.000 share prices come off the main computer at SEAO - the Stock Exchange Automated Quotation system - and into the Financial Times.

All the SEAQ prices are midmarket, halfway between bid and offer quotations but oo other figures accompany them. Extra data such as the price/earnings ratio, highs and lows, cover, classification, the yield and the change on the day are added by the Financial Times Prices department, a thirty strong group whose sole job is to collect the prices and other financial data and turn them into the statistics in the back pages of the newspaper and on Finstat.

Once the raw SEAQ data has been checked and processed and the extra data added it is sent out over error correcting lines to Telecom Gold and oo to Finstat subscribers. Users can get a daily check of the number of shares in issue for each quoted company, so that advisers can work out market capitalisations instantly, and an indication of the FT Actuaries grouping that a share belongs to.

No pipe dream

Collecting the prices for insurance bonds, unit trusts and offshore funds is more complicated. Instead of one source of information -SEAQ - the FT Prices department has to deal with well over 600 separate companies. At one time, all the prices were processed manually either as a result of a telephone call or a telex from the investment сотрапу.

Now the Prices department is successfully moving towards auto-



lan Craig, FT Computer Services Manager, with the FT Prices collection team

matic price collection. Some prices come in via Telecom Gold. Others arrive via telexes which can be automatically read by the prices computer. A minority still arrive in the old way. Of the three main areas, automatic price collection is the most advanced in offshore funds where upwards of 90 per cent are automated. Around 80 per cent of authorised unit trust prices arrive in an automated form while the onshore insurance bonds are the laggards with just over 60 per cent

tual goal of total automation is no longer a pipe dream.

First priority

Higher levels of automation give later deadlines and improved accuracy. Less rekeying of data reduces transposition errors and allows staff more time to spot and correct mistakes. Most of the 12,000 prices on the 6,000 unitlinked funds covered daily by the FT now reach the newspaper and automated. The proportions are Finstat subscribers' computers without any rekeying of the prices increasing rapidly so that the even-

All tastes...all pockets

A major difference between Finstat lines such as home contents cover and certain other electronic statistical services is that Finstat is effectively a stream of numbers which can be used by the financial adviser in a large number of ways. Other services often limit the end user to a restricted range of applications while a few can only be used in one prescribed method.

The Finstat user can choose between a wide variety of more than 30 applications ranging from portfolio evaluation to technical analysis on quoted securities, trusts, currencies and indices. Many Finstat subscribers use the same Finstat data in two software packages. Software to support Finstat can cost as little as £50 and as much as £5,000. Users pay for as little or as much as they need. There are packages to suit both large and small firms and the different types and classes of investment business. Many companies with their own technical staff write or adapt their own software to use Finstat. The extremely simple Finstat file format was designed for easy programming.

Greatest variety

Portfolio management applications for tracking client boldings and providing instant valuations have the greatest variety of software. Consort Data, which has been involved with Finstat since the service started, offers client record management and investment fund management systems. There is also a securities dealing system which issues contract notes and automatically updates client portfolios. One of the advantages of Consort Data software is that it has been built around Finstat. It features a validation process to doublecheck the Finstat feed for transmission errors.

Misys, a USM quoted software group with a stockmarket valuation of over £30m has supplied over 600 intermediaries with its Misys Dataller system which provides facilities for selecting all types of risk including commercial and personal

or permanent health insurance as well as investment-related products. Mysis specialises in computer systems for financial intermediaries and offers a full range of network solutions for larger brokers. They are the only software company to hold a Finstat sales agency, allowing them to offer customers a 'one stop shop' for all or any of their software products that use Finstat

Investment performance

Mysis also act as selling agents for Hindsight from HSW. This illustrates and analyses investment performance using high quality colour graphics based oo historical data from Finstat. But because of the large amount of data that is now available, Hindsight is best when used with hardware more powerful than a standard IBM compatible PC. A machine with a 40 megabyte hard disk and high resolution screeo

Another company with extensive networking experience is Bristol based Redcliffe Associates. Their package was initially developed for their internal use but is now winning acceptance as one of the top life portfolio and client management systems. It also incorporates full commission tracking and reporting.

LSD offers a popular and highly developed investment management package aimed primarily at managers of discretionary funds. Extra modules to handle a range of specialist functions such as CGT

tracking are available. West Midlands based Swift's system has also benefitted from extensive development over several years and is price competitive at just £700 for a standard portfolio

management package. Inner Product's Trustbase includes software to download Finstat files at cheap overnight rates and graphical representation of losses and gains on portfolio holdings, as well as the usual client record

holding features. Inner Product, who specialise in customised financial software and consultancy, also sell a simple package called Sharecom that downloads Finstat and

puts the files into Lotus 123 format. Star, like Misys, are a large quoted company. They specialise in systems for accountancy firms, as do Orchard. There is also a package specifically designed for solicitors from AIM. Blueprint Portfolio from Spottiswoode & Spottiswoode management operation and is available in both single currency and

Blueprint is also suitable for operations such as solicitors and accountants with a small cross section of

At the larger end of the portfolio management market is Clarke & Tilley's IM-PART. This is aimed at investment managers whose data volumes and budgets are below the is suitable for the larger fund level at which expenditure on a mainframe computer can be justified. Clients include international multi-currency configurations. But banks, stockbrokers, pension fund

managers and unit trust groups. Clarke & Tilley is well known for mainframe software in areas as difficult as global custodianship.

With the FAIRS packages, advisers can buy as little or as mnch as they need to convert the Finstat' feed into their own needs. Fund Manager Plus keeps track of the clients' investments with automatic update of prices, giving a graphical display and portfolio analysis re-

And if you follow the investment theory that says this year's worst performer is likely to be one of the . winners next year while it's unlikely. that this year's best fund will repeat that outperformance over the next twelve months, then Investment Eye is worth considering. It automatically seeks out the best and the worst funds using criteria which are set by the user.

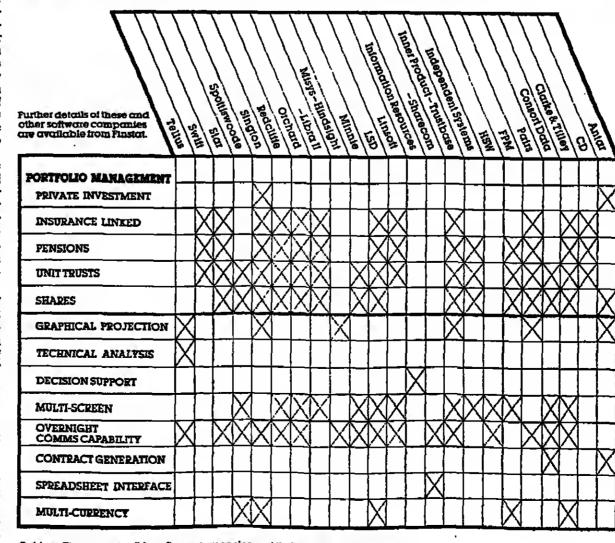
The concept of technical analysis - forecasting the future from graphs showing the behaviour of the share, currency or commodity in the past has as many fans as foes. Few are agnostic. Enthusiasts can choose between

three very powerful systems and a low cost lower capacity program. Telegraph from Tellus allows the user to zoom in on the area on the chart of most interest and to scan through graphs as though flipping through a chart book in search of the ideal investment opportunity.

Indexia from Rowen Investments offers three moving averages in different colours and the ability to call upon up to 42 years of back history. In the bargain basement is Moneywise where software for technical analysis starts at under £50. It is aimed at the occasional user. It can cover 300 share or unit trust prices for up to three years using weekly prices.

Other products such as Investment Advisor from Antar - which updates from Finstat but prices at a a level to appeal to the serious private investor as well as the smaller intermediary - cover both technical analysis and portfolio management. Sharewatch from Sington Associates is similar in cost and purpose.

And for the bigger users, there is Minnie which can take care of thousands of trades a day on up to 200 terminals with disk storage capacities ranging up to hundreds of gigabytes (a thousand megabytes). Smaller versions are available. All sizes update from Finstat.



Guide to Finstat compatible software companies and their product applications

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calculated by the fund manager.

The first priority is using all this information to set the prices and related statistics in the newspaper itself. But once that has been done, the computer moves over to feeding the Finstat network. The names of the funds and their prices are changed to a code which save money oo transmission time as well as making it easier for the receiving computer to read. Special characters - known as checksums - are added to the data to enable receiving computers to test for transmission problems. The data

itself has already been checked once. But as it goes through the computer and on to the Telecom Gold network, it goes through a further series of checks to weed out impossibilities that might happen if a decimal point were to slip.

Continual improvement

The system has been continually improved over the last three years so that the failure rate is negligible. The few failures that do happen can be attributed to noise on the telephone line, which can occa-

HISTORICAL DATA . PATE UPDATE . STATS PACK

sionally erase a price, but the checksums make it simple to identify and correct any problems.

The importance of automatic price collection by the Financial Times Prices department becomes all the more vital later this year as once an hour valuation by the end of 1989. Automatic price collection combined with Finstat's electronic delivery system will make it possible for brokers to keep in touch with a more fluid set of fund prices.

Finview sets sail on InView

Finstat, the online prices service

is launching Finview at PIMS in Birmingham. For the first time, intermediaries will be able to access up to date information on the entire range of authorised unit trusts and give instant hard copies to their clients via the InView screen service. InView is already in the offices of some 17,000 financial advisers who until now have used it largely to find the most suitable mortgage for a client and then to discover which endowment policy represents best advice. In View is the insurance industry's leading viewdata service. It claims the lion's share of the market.

which offers a daily electronic feed of Financial Times statistical data,

Finview has been specially developed by Finstat to meet the needs of the intermediary. It will offer the latest unit trust news so that advisers are no longer dependent on waiting for the post or scanning newspapers and specialist publications.

When stockmarkets fall by huge amounts between reading the morning newspaper and lunchtime as they did last October, access to the oews becomes all important. But Finview will cover much more than the macro picture of world markets. It will also give the latest news and details of what is happening in the industry including changes in legislation and regulations, fund launches and - increasingly over the past months details of fund mergers. Finview can help the broker give the best advice that is a requirement of the Financial Services Act.

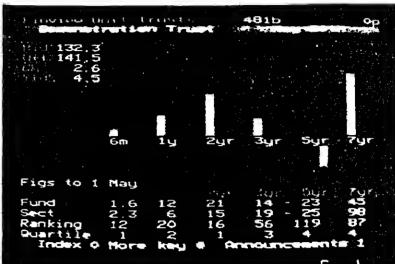
Most iotermediaries realise that a growing number of clients now have access to a wide variety of information. Clients expect to be told by their brokers what is happening to their investments and not have to contact them with questions and then find not only that they do not know the answer but are also unaware of the questioo.

World stockmarkets were fast moving and volatile before October. But at least the general trend was in the right direction - upunit trust groups move over towards | wards. Now markets are not only day. One large group is set towards | no looger any certaioty as to trust sales and purchases. direction.

particularly difficult to monitor. Finview, however, can provide undated details in an easy to access form which can highlight the best Finview has no minimum charge

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Sample screen of fund performance details on the new Finview service

and the worst performing funds using Finstat historical data.

As well as performance tables, Finview also provides summaries for each of the 1,200 plus individual funds. Information on display includes the current bid and offer prices, the dividend yield of the trust and its total valuation, its annual and initial charges and the minimum investment level the managers are prepared to accept. Unit trusts which have monthly savings schemes - an area of iocreased investor interest since the crash are also indicated together with full details. Each unit trust has several on-screen pages in the Finview service. Some are dedicated to the performance of the individual fund showing its growth over several periods and its comparative ranking within its own investment sector.

Easy to use

Finview has been designed with the needs of the husy intermediary in mind, being on the same InView system as mortgage and insurance informatioo. But it has also beeo conceived with cost as a major consideration. Like many InView services, Finview is a 'pay as you view' system. And this is especially important to the intermediary who making valuations more than once a fast moving and volatile but there is only occasionally advises on unit

This makes it an alternative to This makes fund performance certain costly systems currently on offer which charge the same whether the system is used once a week or several times an hour.

nor is there any commitment to pay for more than is used.

There are two charges. The first is the cost of the phone call to link up with the InView service. Using the UK's largest private data communications network, 98% of all business telephones in the country can access InView for no more than the cost of a local call.

The second is a specific charge (approximately 35p per minute) for accessing the unit trust information on Finview. Billing for Finview payment is made monthly.

Finview has also been designed so that it is simple to access - and equally as important, it is easy for the least experienced staff to use. There is on-screen help to guide users through Finview step by step thanks to strategically placed "menus" which set out the many options available, help facilities and prompts to suggest the oext actioo in a normal chain of events. And once staff become a little more experienced, they will use keywords which enable them to move rapidly between functions, not only saving time hut also cost.

Clients will appreciate the full colour graphics and the facility that InView users have to make a hard copy. Giving one copy to the client and filing a second helps meet requirements of the Financial Ser-

Existing InView users are authorised to access Finview immediately. Others must join the InView system. The only hardware required is a viewdata set or a suitability adapted microcomputer and a telephone line, of course.

FINSTAT FEEDS

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SIS1:	Price and yield for the 3.000 shares and gilts (approx) quoted in the back pages of the FT.	5 60	£ 50	£ 25
5152;	Price and yield for gilts and the 750 constituents of the FT Actuaries Indices together with prices for gilts.	60	50	25
SIS3:	Price and number of shares in issue for the 750 constituents of the FT Actuaries Indices together with price	es 60	50	0.E
SIS4:	for gilts. Price and number of shares in issue for the 750 constituents of the FT Actuaries Indices together with an indication of the indices groupings to which a	30	50	25
SISS:	particular stock belongs, and prices for gilts. Price and P/E ratio for the 3,000 shares (approx) quoted	90	75	40
	in the back pages of the FT, and prices for gilts.	60	50	25
GROU	P 2: FT INDICES			
	: FT Actuaries Indices Table : FT30 Share Index	30	25	15
ACT 3	FT Actuaries World Indices FT Actuaries and World Indices, International	30	25	15
	Indices and Currency Exchange Rates	FREE*/30	FREE*/25	FREE*/15
	Sterling and US Dollar exchange rates, pound spot and forward rates (1 month, 3 months) lable tree of charge to anyone subscribing to a Group 1 (60 or Group 3	50 leed.	25
GROU	P 3: FT UNIT TRUST INFORMATION SERVICE			
	UTAS – Bid price and yield for Authorised Unit Trusts UTIS – Bid price and yield for Insurance Funds (Life and Fension) UTOS – Bid price and yield for Offshore and Overseas Fu	ınds 60	50	25
UT\$2:	UTAX - Bid price, offer price, change and yield for Authorised Unit Trusis UTIX - Bid price, offer price, change and yield for Insurance Punds (Life and Pension)			
	UTOX – Bid price, offer price, change and yield for Offshore and Overseas Funds	60	50	25
GROU	P 4: FT DIVIDEND INFORMATION			
DIV1:	Dividend information relating to the shares and gills within the SIS section of Finstat. Data includes the			
	amounts dividend or interest payment, the ex-dividend date, and the date of payment.	60	50	25
	Dividend information on the unit trust section of Finster.	60	50	25

For further dejails contact Finstat, Financial Times Business Information, . 126 Jermyn Street, London SW17 4UJ. 01-925 2323

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126 Jermyn Street	e coupon and return to Finstat, Fina , London SW1Y 4UJ or telephone 01 details on the Finstat services.	
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Financial times prices onlin

Finstat – hard facts in hard copy



Some of the FT publications that carry Finstat statistics

wide range of magazines aimed at private investors and their advisers within the Financial Times Business Information group.

After the weekly Investors Chronicle, the longest established title is the monthly Money Management, half of wbose pages are devoted to statistics. It is the best selling magazine in its field. Ahead of all the changes in pensions legislation and practice now taking place, it was joined some three years ago by Pensions Management, which has rapidly become the leader in its market.

Two publications aimed at intermediaries, Financial Adviser and Finstat as do The International, a newcomer this year, and the long

Finstat provides statistics for the The International and Resident Abroad are read by expatriates.

Finstat's electronic data feed enables all these titles to update their statistics in a matter of minutes where previously it took days of manual labour. But equally important, the editorial statistics staff can explore the significance of these figures using one of the various software packages available. An exercise to check the week by week performance of a large range of unit trusts would have been virtually impossible by manual means. But using Finstat, that task presents no problems.

The statistics in the two monthly magazines cannot be with readers Offshore Adviser, make full use of until the rest of the magazine is complete. High quality colour printing is not as rast as users would market position for established Resident Abroad. Both wish and there is also the need to ance companies.

check and double check articles for

But anyone who needs the figures that appear in Money Management and Pensions Management can subscribe to Stats Pack which provides Finstat data once a month by post just one day after the first working day of the month.

This gives anyone - intermediary or investor - a virtually instant update of data which carries all the authority of the Financial Times behind it.

Rate Update, the weekly guide to life assurance rates, is another offshoot of the magazine statistics available from Finstat by subscription. It provides, amongst other details, the full market surveys of comparative rates with the relative

Finstat - as seen by the software companies

suitable software package to turn it into useable information. And software companies have been associated with Finstat since its very inception.

"We were instrumental in the setting up of Finstat," says John Everett the managing director of software house Consort Data.

"Back in 1983" Everett explains we introduced our Client Record Management system which was designed as a portfolio management tool for stockbrokers. It worked but the users did not like the chore of inputting prices each day. Towards the end of the following year, I had a meeting at the Financial Times where I suggested that the daily closing prices should be made directly available to users.

"We discussed certain design parameters that were necessary for a product that was to be transmitted over slow speed telephone lines. Everything possible had to be done to save time and there was the need for validation. Finstat was designed with this in mind and the requirement that the receiving brokers should not need elaborate hardware. While other statistical sermainframe user. Finstat is the optimum design for its purpose."

Keith Stafford is the software designer who created Hindsight from HSW. "When we were designing Hindsight, we had several requirements," he says. "We needed complete coverage of the markets, a daily supply of information and one that was transmitted overnight so that it would be useable as soon as work started the next day. We were also looking for

reasonable costs." At that time, Finstat was not supplying its bistoric database to outsiders but after negotiation, it was made available to HSW who put it in a form that was more user friendly.

We were and remain enthusiastic about the security of supply which is very strong," continues Stafford, "We like the long term experience behind Finstat and the fact that they were prepared to price it so that it would not just circulate amongst the rich institutions of the City. For our product to be successful, it had to sell beyond that group.

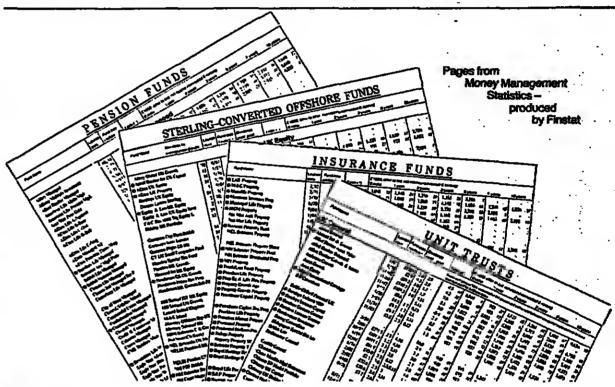
"It is extremely reliable. In the

vices seem more designed for the two and a half years since we started working with Finstat, problems have been very rare and then mainly with Telecom Gold. We are confident of time targets.

"And it is an independent source of information. Others use information that comes second hand from another source, to which they then add value and redistribute. Users have to pay for the costs of the middle man. We would worry that the middle man is introducing a further level where something can go wrong.

"We see the future as infinite. There are no space restrictions with Finstat - unlike the newspaper and we hope that even more information will be published. Finstat is taking the right direction. investing heavily where it matters."

Bryan Turnock at software group Misys agrees. "It is very good quality data. When it comes down the line, we never feel the need to question its accuracy. It is the industry standard. Everyone knows the position of the Financial Times. We believe that they will not limit themselves to the present day product for there are no bounds to what could be done."



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o the Stockmarket gave you a bit of a hammering in October. And it hurts. But that's no reason to go to ground.

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On some fronts at least things are beginning to calm down. Less excitement perhaps, but that could be a good thing!

ven at the bottom of the market, some people were making money. Not many, and maybe not much. But opportunities are there, if you know where to look.

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Smarter than the average bear.

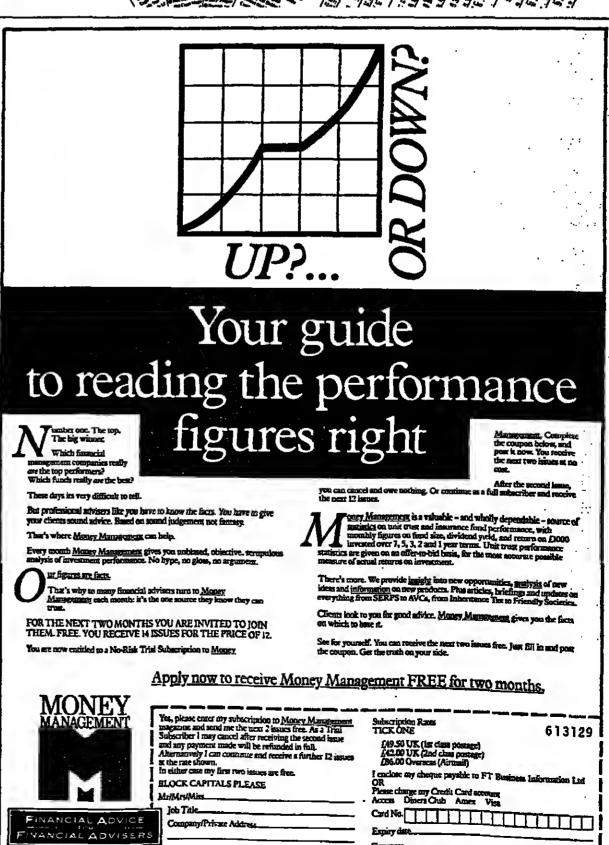
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FINANCIAL TIMES MAGAZINES





SECTION II FINANCIAL TIMES



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lastet. The state of white The proportion of executive cars made in Europe is nearing one in four of total production, boosted by

the volume companies. Japanese makers are becoming serious contenders in the sector as their general move upmarket achieves success. John Griffiths reports.

Big efforts to compete

by the DRI Europe consultancy group, every fourth car coming off Western Europe's production lines will be of the "executive"

This compares with less than one in five at the end of the 1970s, in the immediate after-

math of the two oll crises.
In general terms, the growth reflects the sustained increase in affluence of the devaloped world's economies since the early 1980s. But it has also been given a substantial boost by the activities of the volume car manufac-

Unlike the "specialist" executive car makers such as BMW or Mercedes, at the end of the 1970s voluma car producers had the option of, and were much more interestad in investing in smaller, more fuel-efficient cars than in large ones.

As the volume producers' then-existing entrants in the executive sector - such as Ford's "old" Granada - aged, so sales fell of both their cars and the executive sector overall.

shrinkage because of oil uncer-tainties and other wider economic factors - or simply because of a lack of attractive vehicles.

in the last three to four years, the answer has been plain to see as Ford, Opel, Renault and other big makers have belatedly brought new executive cars into production.

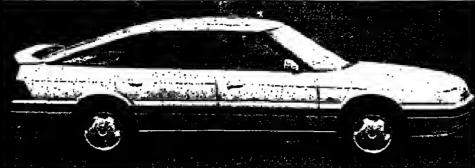
The advent of the Renault 25 year. has lifted the French company's executive car output from 53,000 vehicles in 1983 to an expected 130,000 this year.

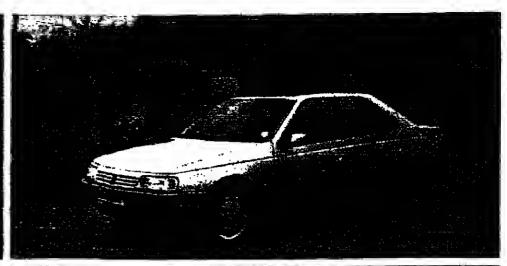
its new Croma and Lancia Thema. With the new Alfa

hadges in Europe has virtually end of the decade.

donbled, from 107,000 units in
1985 to 200,000 following the Western producers most threatwestern producers most threatindustry's attentions.









Executive cars, neglected by volume manufacturers in the early 1980s, are big isiness again. The UK Rover Group's Vitesse (bottom left) launched last mouth is the latest arrival in a sector which also includes the Opel Omega/Vaixhall Carlton (above), Ford Scorplo/Granada (top left) and Peugeot's 135mph M16 version of its 405 saloon.

Executive Cars

good business for their manufac and Mercedes-"hashers", the Leg-turers. For a start, they carry a end. high price. The starting point for Fiat's output in the sector, a an executive car in the UK now the Acura name only in North mere 17,000 units in 1984, hit is at least £11,000, according to America, caused something of a 145,000 units last year thanks to Mr Hans Tauscher, Mercedes stir at the UK Motor Show last

put of Fiat group executive cars munist world that has not expensive Japanese car launched reaching 160,000 units this year.

There are several other notable on the bandwaggon. They include It also served notice that, from

Executive cars have provided - for the first of its intended BMW

Honda, which so far has used Benz UK's managing director. October when it unveiled its Legously, concerns the stronger yen. And there is clearly the potential end coupe - and stressed, rather but a 28 per cent rise in large car. Romeo 164 sports saloon starting for high profit per unit. than tried to play down, the fact to become available in markets The trouble is, there is hardly outside Italy, DRI sees total out- a manufacturer in the non-Com- This made it by far the most

examples. Annual production of even Hyundai of South Korea, now on, no sector of the car mar-executive cars under General which plans to launch a full-sized ket - no matter how rarified or tive and sporting cars vis-a-vis Motors' Opel and Vauxhall executive model well before the currently dominated by Euro-their as yet still more prestigious pean producers - would be European counterparts.

Ford of Europe's Granada/Scorits Lexus models and Nissan now firmly established, and is plo range has lifted Ford's executure an Infiniti badge will be already having marked success. The contributes to the achieving of the twin goals of diluting protection. In the past 12 months the debate has focussed much more down, while at the same time and handling even remotely comparable to best European practice. In the past 12 months the debate has focussed much more down, while at the same time down.

DRI to more than double its output in the sector when the longawaited 605 model makes its
debut, possibly at the end of this
year.

Europe or North America can maximising per-unit profitability.

By using "transplant" production - such as Nissan's in North
which pioneered a separate name and distribution network - Acura markets they can thus continue to make net market gains.

Empirical evidence can be seen in last year's US-Japan balance of trade in cars. The US deficit rose hy \$211.1m to \$2.12bn, despite a 203,000 drop in unit exports.

Part of the explanation, obvithan tried to play down, the fact shipmeots also played no small part. No less telling is the changing

nature, even within the past 12 months, of the debate about the technical and engineering merits,

Five years ago, by common What no one was really quite 1985 to 200,000 following the western producers most threating industry's attentions.

Consensus, Japanese manufactur-sure of, at least for some time, introduction of the new Opel was whether the executive mar-Omega/Vauxhall Cariton range.

Dynamics in the dags and threating industry's attentions.

Consensus, Japanese manufactur-sure of the new Opel ening, push is coming from the Japanese trend to moving ers were still finding it very hard their car production up-market is to build cheap volume cars with

ahead of everyone else, such as four-wheel-steering, can be justi-fied on cost grounds, and anxious discussions about precisely how soon some of the dazzling display of concept cars unveiled in Tokyo last autumn might be translated into commercial reality.

Only two months ago, at the Turin Show, one of the small straws in the wind that some industry observers found alarming was the almost total absence of the usual large numbers of

camera-toting Japanese.
Turin is the main showcase of Design, whose concepts in the past have been photographed and pored over in the minutest detail by "observers" for the Japanese couldn't help wondering, that the lates into spending of fim a day Japanese were starting to feel on product development alone if they had not too much left to learn from Europe?

The company also employs

Inevitably, these developments 11,000 scientists, engineers and have served to tighten the comalised executive and luxury car producers. Mr Tauscher, for one, rejects all notions that the speclafist companies were able to reap large financial benefits from that period in the early to mid-

"This is very far from the truth. The pressures on the spe-cialist car manufacturer are differeot, but they are equally severe. He has either to produce something very special at almost unrealistically small volumes and

1980s when competition from the

volume manufacturers was very

still make a profit.
Or, if he produces in oumbers in the executive car market, he Turin is the main showcase of has to constantly push forward the still world-renowned Italian the borders of automotive tech-desigo houses such as Ital nology and create state-of-the-art

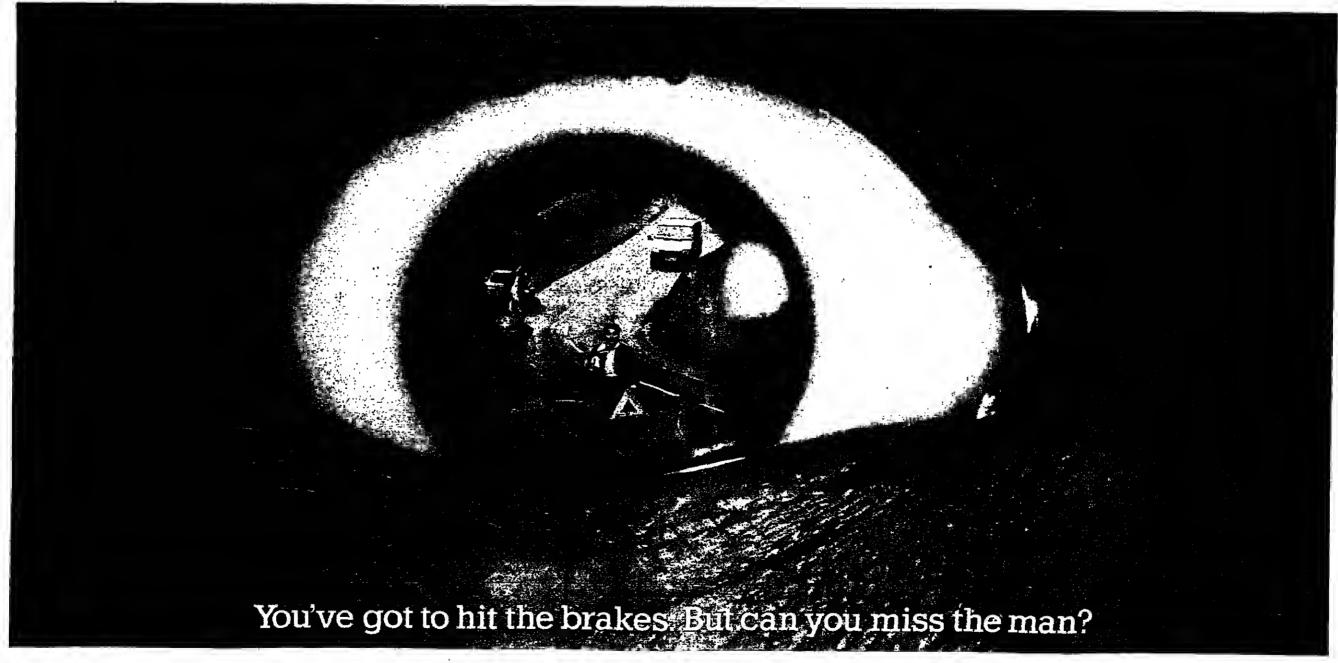
tt is for precisely that reason, he suggests, that Daimler-Benz by "observers" for the Japanese itself has been allocating 4 per manufacturers. Was this an indi-cation, some Western observers and development, which trans-

designers, and has acquired the electrical engineering, electronics and aerospace groups AEG, Dor-nier and MTU to broaden both its

technology and product base.
At least until last year, the European specialist car makers had beaten off most challenges remarkably well - with some par-tial exceptions such as Porsche. the luxury sports par maker. which has cut output by nearly 30 per cent and seen its profitabil

ity sharply reduced.
Success had been particularly notable in the US market, by far the world's largest for executive and luxury cars. Volvo of Swe-den, for example, has exported more than 100,000 of its large 700 and 200 series cars in each of the past four years, with Mercedes, BMW, Saab and Jaguar all making consistent and substantial sales gains, at least until last

It is the US market, however, which is now creating increasingly severe problems for the spe-cialists. The collapse of the dollar against the Deutschmark and sterling in particular last year



You're looking at one of those freak

A wet evening a down hill comer, a car with a puncture, a man in the roud, an ou-coming vehicle . . .

None would be a problem by itself. But, all together, they'd test the skill of even the safest driver

If you brake too hard, you could lock

the wheels and skid into the man, But if you don't brake hard enough, you could run into the back of the stadon-

ary car. Such a situation may only arise once in a hundred thousand miles. But if it ever does, you'll bless the day you

bought a Ford Granada.

Because anti-lock brakes are standard

equipment on every Granada in the range.

Faced with circumstances like these, the system is designed to stop the wheels from locking so, provided you're going at a sensible speed, you should be able to brake firmly, steer safely round the man and stop without drama.

In plenty of time to let the on-coming vehicle pass.

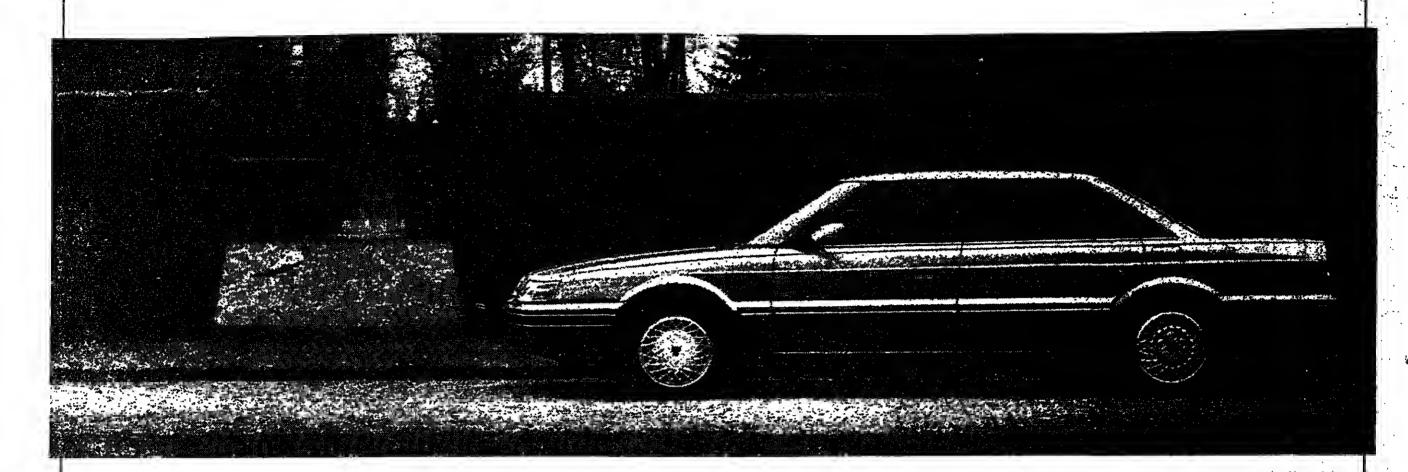
Of course, its brakes are only one reason for buying this sophisticated car. But you may think the security they give you is the only reason you need.

For, however safely you may drive, there's always the other guy.

For further details on the Granada range, call The Ford Information Service free on 0800 010 112.



THE REAL BEAUTY OF IT IS THE NEW 2.7 LITRE ENGINE.



The gracious lines and sleck good looks of the Rover 800 have already raised many an admiring eyebrow.

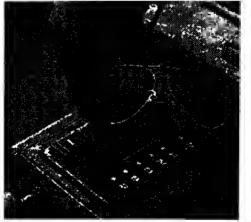
Look, for example, at how America greeted the arrival of the Sterling.

"With the possible exception of Concorde, no machine so nicely put together has ever before come out of England." US Car and Driver magazine.

Well now, to turn heads still further, the Sterling comes with another powerful asset. An all-new 24 valve, 2.7 litre V6 power unit. It's not only very powerful, it also thinks rather fast. The brain behind the 177 PS engine being a computer-controlled, electronic engine management system.

To ensure that the cylinders are constantly fed exactly the right quantity of fuel, it monitors the engine temperature, air-flow and fuel-flow up to

300 times a second.



Dynamic sports mode or effortless motorway cruising.

All from the same gearbox.

This results in beautifully smooth acceleration, whether you're powering away from standstill or enjoying the sprightly and most satisfying performance in the mid-range.

The 827 Si, SLi and Sterling also come with a remarkable new standard

feature. Electronic automatic transmission.

This means you can now match the car's gearing to the way you want to drive. You can choose between a relaxed four speed operation for effortless motorway cruising. Or you can select the more dynamic sports mode in which the engine reaches higher rpm before changing up.

The seven model Rover 800 series. From under £13,000 to under £22,000! Who said beauty was only skin deep?



EXECUTIVE CARS 3

US manufacturers are uncertain but have raised their forecasts

More buying luxury cars

economic prospects, more buyers have been returning to the US luxury car market in recent months. Manufacturers, still cartain they will sell somewhat fewer cars this year than last, have begun, though, to raise their forecasts a notch.

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Negative factors that piled up at the beginning of the model year last autumn now look far less menacing. Fears that the October stock market crash

October stock market crash would trigger a recession have largely receded and some of the sting of the depreciated dollar, critical to importers' US pricing, has begun to ease.

Taking the broadest definition of the market, J.D. Power & Associates, the automotive consultants, is forecasting luxury car sales of im this year, equal to sales of 1m this year, equal to roughly 10 per cent of the total US car market. Such a level would be virtually flat compared with 1987 and levels of 1.1m in

1986 and 1985.

The good news for foreign manufacturers is that as a group they are taking a larger share of huxury Detroit cars or cheaper the market, rising from 21.9 per imports.

cent in 1985 to a forecast 31.6 per ... As long as Honda can cope

selves for even more intense competition as more makers offering a widening range of cars crowd nto the market. From some 40 models five years ago, the market now boasts more than 60.

At the lower end of imported huxury cars, around \$20,000, the big battle will be between Honda, Missan and Toyota. The first to type of Japanese cars, Missan and set up a new brand of up-market Toyota will have to spend heavily cars was Honda which intro- on advertising to achieve the duced its Acura range in the same effect with the disadvanspring of 1986. The other two will tage of being later entrants.

try to emulate its success by To make life even harder, it introducing their own luxury looks as though they are aiming marques, Infiniti and Lexus even further up market than respectively, over the next 18 Acura, which will mean a far big-

One of the keys to Acura's suc- ers. cess has been its dealer network. those selected to make substantis Sterling. The car, which is tial investments in the new franchise. The number of Acura deal-Rover 800 series from the UK, ers has grown from 60 in March, was praised by both motoring

1986, to about 250 now. Being new to the market they early 1987. offer a level of unhurried, per-

ENCOURAGED BY brightening mass merchandising of many mechanical components. Yet the conomic prospects, more buyers down-market dealers. down-market dealers.

to 150,000 cars this year compared with 109,500 in 1987, its sheet echelons of the luxury car first full year. In volume terms it has shot ahead of established General Motors' Cadillac Allante makes will shell compared that at some point soon currencies and specific at the compared to the compared to

While many other manufactures their sales levels in a flat market those of the Legends and are falling their sales levels in a flat market those of the Legends and are falling those of the Legends are falling those of the Legends and are falling those of the Legends are falling those of the Legends are falling those of the Legends and are falling those of the Legends are falling those of the Legend

h. 1986.
Acture believes it is developing an essentially new, and potentially large, market segment. Although it is winning some sales from the bottom end of Mercades, BMW, Audi and other ranges, it is targetting buyers who are moving up market from the codes. Solid and the control of the command of the c

Foreign makers selling in the US are bracing themselves for even more intense competition as more companies offering a widening range of cars crowd into the market

cent this year.

The reality though is that be increasingly the affordable despite the sales pick-up, foreign manufacturers are bracing them—

with the high yen, the Acura will be increasingly the affordable alternative to European cars manufacturers are bracing them—

made expensive by currency facmade expensive by currency fac-tors. Currently, the most expen-sive model of Legend at the top of its range sells for just under

Another key to Honda's suc-cess has been the development of a distinctive image for the Acura which breaks away from the util-itatian and down-market stereo-

ger leap for their present custom-The importance of image has Honda has drawn primarily on been borne out by Austin Rover's its existing dealers requiring difficulties to date in the US with

press and public at its launch in It is often considered superior

sonal service which potential in looks, features, price and per-buyers, many new to the luxury formance to the Acura Legend market, find welcome after the with which it shares Honda

refinement and price from

Detroit's other full-sized cars. Ford Motor has produced the biggest recent change for Detroit in style and engineering with the latest incarnation of its Lincoln Continental. Selling at about \$26,000, the front-wheel drivs car offers computer-controlled sus-pension, anti-lock brakes and speed sensitive power steering. The fact it its billed as a car which feels and looks European is the surest sign that the Ger-mans in particular set taste and standards in the US market. In fact though, the car's heritage is still more Detroit than Munich or

between Mercedes-Benz and BMW now the latter has truly competitive products in its new 735 and 750 cars.

BMW has suffered a 16.5 per their finances to become Mercent decline in unit sales so far cedes owners, has been widely this year compared with last, a fall typical of European importers as a whole. In addition to the economic conditions earlier in the year, it also blames tax reform in 1986 which made it far more expensive for businesses to more expensive for businesses to currency rates and the seneral the seneral transfer of the market is doing for make matters worse, the few large companies which do provide senior executives with cars mostly stipulate traditional and modest-looking vehicles. In these days of corporate raiding, currency rates and the seneral own and run cars and the phaseout of its old 5 series cars. But most importantly "we have

325 two-door, for example, they add up to 24 per cent since late

some point soon currencies and prices will stabilise."

currencies are beginning to wear off, new models such as the 735 and 750 are selling well and it has high hopes for the new 5 series arriving later in the year. Overall it expects sales in the low 80,000s this year compared with 87,000 last year and a record 96,000 in 1986 which was boosted by a rush of sales to beat tax changes Mercedes-Benz's sales are down

about 5 per cent so far this year from last, says Mr Hans Jordan, its vice-president of marketing in the US. The company's price increases have totalled about 30 to 35 per cent over the past two years but Mr Jordan says he is "detecting a level of acceptance" among customers.

Most importers have been offering financial incentives to dealers as a way of stimulating sluggish sales. Mercedes-Benz says it never actually cuts car prices or offers rebates to CUS-INVERTED SNOBBERY is tomers because "that would be almost as big a factor as tax legine top end, setting aside exotic sports cars and specialist saloons such as Rolls-Royce, will see a wheel-to-wheel appealing to buyers of its chea-pest cars who typically stretch

> Overall, "the market is doing currency rates and the general economic outlook.

their finances to become Mer-

Roderick Oram



ent at Namerville. Illinois. US executives prefer to buy their own cars

Fleet stay at

almost as big a factor as tax legislation in the US executive car market. Both militate against the use of company cars as executive

dealers to offer attractive leasing terms to customers. The service, having a company car for per ownership of the car more costly sonal use confers virtually no tax for his company.

This has not prevented some advantages. It also carries a cartain stigma of association with the lower level travelling sales-men who are the mainstay of the huge US fleet car business.

To make matters worse, the

of style - especially when it is the and clients to and from airports company that pays. There have been few complaints from senior employees about the new fashion for susterity. It has, after all, coincided

snites, to say nothing of the big-gest tax cots in history for the higher-paid. That tax cut, which was the centrepiece of the 1986 tax reform, also did away with any vestige of fiscal advantages in company car ownership. Employ-ees who enjoy any personal use whatsoever from their companyowned cars are in theory fully

liable for the cost of the vehicles. On top of the full tax cost borne by employee users, the abolition of accelerated deprecia-

small and private companies from continuing to bny cars for their directors. But in most large American corporations, the coupany car is now essentially a vehicle kept in the company garage and taken out only for clear-ly-defined business purposes during the working week.

these days of corporate raiding. And even among the small wage givebacks on the shopfloors, and universal emulation cars, discretion is now the watchof low-key Japanese management word. Obviously, a few stretched styles, ostentatious behaviour by limousines are de rigeur for

enfor executives is definitely out shnttling groups of executives which has been struggling for five years to work its way out of record lean losses, joins in the meetings. But most of the cars austerity refrain . "not showy is what goes in Californian business these days." used for corporate transport are traditional large US sedans, with some companies pointedly eschewing the top of the range But if employers try so hard to impose a puritanical decorum upon their senior employees in with a period of unprecedented eschewing the top of the range pay inflation in the executive. brand names such as Cadillac working hours, how is it that America has the largest, most

and Lincoln.
For example, Sears Roebuck, the natioo's biggest retailer, based in Chicago, says that it has a fleet of company cars, with drivers, for the use of its corpo-rate officers. The cars are "busi-nesslike and in no way opulent." The company uses several US marques, but has one prohibition

American Telephone & Telegraph makes the same point. It has a small fleet of Buleks, Chryslers, Oldsmobiles and a few Cadillac Sevilles for the use of pays far less in income taxes about 100 executives. But these are definitely not meant to con-almost any other country. He vey an image of excessive luxury, then goes out and spends that "AT&T is less than enthusias- money on the car of his choice tic shout any show of extrava- with no arbitrary restrictions on gance by managers," the com-

pany says. On the West Coast, Bank of America similarly confines itself projecting an image of business-to middle-range cars such as Ply-like austerity, in his private life to middle-range cars such as Ply-like austerity, in his private life mouths and Fords. Part of its he can be as estentations as he fleet runs on alcohol, dating back likes. to the energy crisis and the B of A garage is one of the few places left in the US which has its own methanol tanks.
Not surprisingly, the bank,

Anatole Kaletsky

varied and still probably the most profitable, luxury car mar-

This paradox is much more sppareot than real. The very fact

that cors bave become so unusual as executive perks, has made the iuxury market more

open and profitable than in a

than would his counterpart in

price, marque, country of origin

And while his company may be

ket in the world.

Carolyn Valdez

or specifications.

Mann Revind The Wheel The name Mann Egerton is

synonymous with all the leading motor manufacturers.

Manu Egerton's dealership network snans over 58 branches throughout

Each and every one has built an enviable reputation for the highest possible standards in sales and

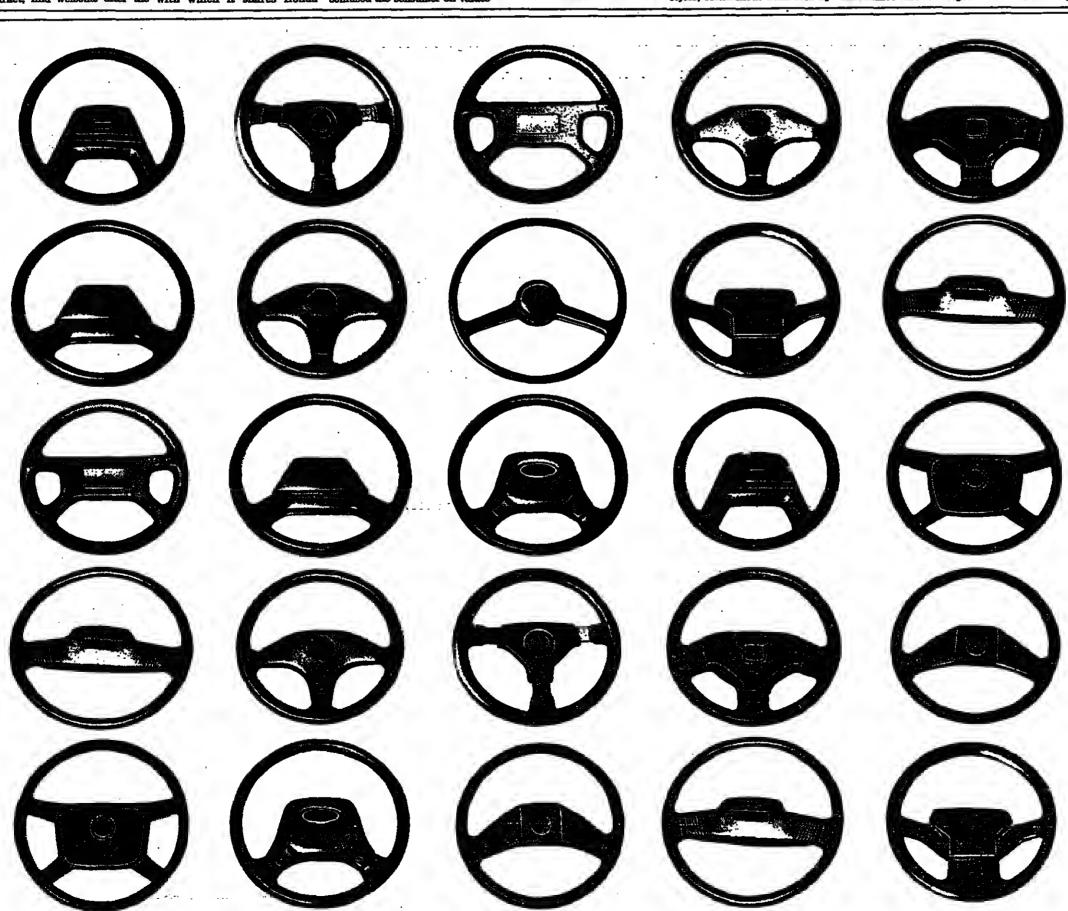
But above all, care and attention to detail are the qualities that set Mann Egerton apart.

What's more backed by Inchcape PLC, they have over eighty years experience in the motoring business.

No wonder people feet reassured when they know Mann Egerton's behind the wheel.



NEW CAR SALES HEAD OFFICE: KING STREET, NORWICK MR1 168. TELEPHONE (0603) 628383.



German makers win on quality

EXTENSIVE wind tunnel testing eliminated the rough edges from West Germany's executive cars years ago. And the engineers at Mercedes-Benz and BMW put a lot of time and effort, plus a few billion Deutschemarks, into refining the parts you don't see to win customers and influence the mar-

highly-engineered cars has made German car companies world leaders in the executive

But with Mercedes producing about 600,000 cars annually, and BMW another 460,000, both obviously aim at a bigger market than just government ministries and board room executives. But the top-of-the-line executive cars play a key role for the whole of West Germany's car industry by establishing an image of techni-

Since West German wage earn-ers are now at the top of the international scale, the only way to go is op-market.

Executive cars are especially important in Europe, where tax whose 100 model is one of the laws make them "the single most favourites with middle managetax-effective form of compensa-tion," says Mr Paul Curley, general manager of ECS, a Wyatt Company consulting group in Brussels. Company cars also serve as a status symbol, a visihle sign of where an executive stands in his organisation, he

A recent ECS survey covering almost 100 West German companies shows that their chief executives overwhelmingly ride in Mercedes-Benz cars, with the Mercedes 280 SE, 260 E, 230 E and 300 E the most frequently men-

tioned, respectively. But chief executives in West Germany's chemical and pharmacettical companies, as well as those heading food industry con-cerns, opted for the BMW 735i

and 725i luxury limousines. The competition at the top is getting tougher as the world's carmarket shrinks. West German car companies are expected to produce four per cent fewer cars this year, but still about 4.2m

Volkswagen's Audi subsidiary, 20,000 of its top-of-the-line 7-series



ment is to introduce a new luxury car featuring an eight-cyliner engine this September.

At the top of the tree, Mercedes

claims its star still shines, but its rival, Bayerische Motoren Werke (BMW), has definitely stolen some of its shine. With the introduction of its new 7-series models in late 1986, BMW quadrupled its top-of-the-line limousine sales in 1987, even while the sales of Mercedes S-class cars dropped 26 per

We have managed to overtake Daimler-Benz in the S-class. This year we will sell more cars in this top category than Daimler-Benz," says Mr Hans-Peter Sonnenborn, BMW sales executive, referring to the German market.

The 7-series is acclaimed by many motor magazines and car testers as one of the best cars made. The 12-cylinder model (750i) needs a speed limiter to rein it in at 260 kilometres per hour, and there is an apparent BMW expects to sell more than model set for 65,000, it is now els. In 1987, there were 19,250 new

cars in West Germany this year. about the same as in 1987. But in niche. the first four months of 1988, sales were up 24 per cent compared to the same period last year, Mr Sonnenborn says. BMW claims its 7-series will capture 45 per cent of the country's luxury executivé car market in 1988. "It's not the speed that counts, but the engineering achievement of producing a 12-cylinder motor, the first by any German car com-pany in the past five decades," according to Mr Reiner Eigenstetter, economist at Bayerische Hypotheken und Wechsel Bank

(Hypobank). There's a lot of prestige even if its volume of sales is not that important, it's a shining technical achievement," he says. Last year 56,000 of the 7-series of all BMWs made. BMW fol- men. lowed that up with its new 5-series introduced this year. With

was aimed at the executive car

We, the German anto companies, especially Mercedes and BMW would never allow an outsider especially the Japanese, to break into this market. A company chairman is a decisionmaker, and our exclusive margoes can't give up this market," says BMW's Mr

There is aven a place for Jag-uar, he admits. Some German stomers "like a lot of wood and the Old England tradition. Plus Jaguar has made tremendous strides in quality improvement. "Bnt," says Mr Eigenstetter, "it British-made limousine. "Jaguar has a relatively solid customer

base bere in West Germany. They're for architects and denere built, about 12 per cent tists, but not for company chairpreserve of Mercedes-Benz until

lier. But Mercedes makes about 100,000 of its S-class cars, which sell well overseas, with the United States and Japan the lead-

ing export markets.
"No doubt we are the world leaders in this class, and the 300 SE is our major model," says Mr Hans-Georg Kloos, Daimler-Banz spokesman. "In the top category we have the leading position in Europe and the world."

Obviously Mercedes is not pre pared to continue losing customers to BMW's new models. But the introduction of a new S-class, expected in 1990, will not be rushed, considering the start-up problems reported when Mercedes' middle-range models first

came out a few years ago. The new S-class model is said to feature large glass areas, using double-paned windows for the first time to help reduce the "greenhouse" heating effect. Mr kloos will say only that new models are "in the pipeline."

Mercedes has another winning argument in addition to its high

technology engineering - the high resale value of its used sedans. "This is a good selling point especially for executive cars. They are normally replaced every three or four years," MrKloos

pled with the emotional factors of linking one's status to a car recognised for its quality has kept West Germany's executive cars ahead of the competition. Mercedes alone has 8,000 people employed in its actomotive research division.

The vast resources put into automotive research and develop involved, which is very helpful to just wouldn't do for a German ment by West Germany's BMW. The image of the 7-series company chairman to pull up to renowned executive car manufactends itself to the whole line. So a gathering of executives in a turers is the simple dictum of the turers is the simple dictum of the Autobahn: it's hard to overtake someone who is moving along smartly and never slackens the

> That well matches the driving style favoured by many German executives travelling on the Autobahn. When you have the best, full speed ahead is the only way to go. **Dennis Phillips**

The UK

Very healthy market

the 800 Fastback, last month. UK new car sales continue to

embarrass the majority of motor A buoyant market is needed, interesting at this industry analysts who at the however, by Rover Group, whose for possible unveiling at this industry analysts who at the however, by Rover Group, whose for possible unveiling at this industry analysts who at the beginning of this year were fore-casting a downturn from the record 2.014m units of 1987.

By the end of May some markets on tha Continent wera starting to show signs that the the launch itself was admitted by long Euro-boom in car sales - then-incoming chairman Mr Grawhich reached a record 12.35m ham Day to have been "a disasunits last year - may be coming ter", with not enough cars avail-to an end. But in the UK sales able and an undna emphasis on were up by a further 10.4 per cent the most expensive Sterling for the first five months of the model misleading much of the

Nor was this the result of a primarily a Jaguar, rather than start-of-year sales bonanza gradu-ally losing steam, as on the Continent. For sales was a start of the continent of inent. For sales were up hy since then, Rover has wonaver nearly 11 per cent in May itself hard to rectify the marketing compared with the same month a mistakes and, with the help of sales in the US, take ontput the same in the US. year ago. Executive cars, those typified by the Ford Granada, above, have been enjoying a year. larger than average share of the

boom over the past several years.
According to analysts DRI
Europe, the UK's executive car
market grew in 1986 by 9.3 per
ceot, more than three times the 2.7 per cent growth enjoyed by the overall market, and by 11.2 per cent last year, compared with

per cent for total new car sales. This year, while DRI is forecasting a very slight drop in total new car sales, to 2.04m vehicles, executive car sales of 4.43 per

In unit terms, that represents 259,000, or just under 13 per cent

tutes an executive car is fairly wide, for it includes not just luxury cars such as Rolls-Royces and Bentleys, hot sports and Rover SD1-replacing 800 were sporting cars such as Lotus models and even Toyota's mid-en-But this is well down on Ford, gined two-seater, the MR 2.

However, in a buoyant econ-els accounted omy where competition for 14.2 per cent. skilled executives is leading to much greater choice in cars to attract or retain staff, vehicle size has become only one criterion of what makes a "status" car, with performance and styling assum-

Group could hardly have had a Volkswagen Golf CTi which in change markedly over the next healthier market into which to 14-valve form, for example, costs launch its latest executive car, substantially more than even L sions of its already successful the 800 Factback lact month.

similar executive cars. sales of the Rover 800/Sterling autumn's Paris show. executive car range so far have failed to live up to expectations.

When the first 800 saloon mod-els were launched two years ago, public into thinking the 800 was

closer to its original target of Rover 800, Vauxhall Carlton and 1,500 units a week, or 60,000 a

duction build-up towards the output of all 800s at Rover's Cowley plant was running at 1,350 units a week, compared with a double-shift capacity of 1,800-2,000 units a week.

This partly reflects a disappointing performance in the US, where sales through Arcma, the distribution network set up spe-cifically to market the cars under it predicts a further increase in the Starling badge (there is no executive car sales of 4.43 per mention of Rover) have reached little more than two thirds of the

Last year, using DRPs definitions, Rover captured 27,400 exec-DRI's definition of what consti-utes an executive car is fairly per cent of the sector's total. That was well up on the previous year's 12,600, when sales of the vhose Granada and Scorpio mod-

> Of the other volume makers, Vauxhall, benefiting from its new Carlton and Senator ranges, saw its executive sector sales tump to

els accounted for 35,100 sales, or

The fourth volume manufacturer with a UK base, Peugeot Talbot, achieved only 4,200 sales ing greater roles than hitherto.

This is exemplified in the popularity among younger executives with its aged 505 and 604 models.

versions of the Ford Granada and new 405 medium saloon go on sale, followed by an all-new exec-A buoyant market is needed, utive saloon, the 505, rumolited

Even Ford's performance, how-

ever, looks relatively mundane when set against that of some el the more specialist executive carmakers. Its sales last year, for example, could not match the 37,525 of BMW, while Mercedes was even treading on Vauxball's heels with sales of 21,365 units. And if sales of Volvo's large 200 and 700 Series cars are combined with those of its new sporting 480ES coupe, it is a potential con-tender for the UK executive car market leadership, based on DRI's definitions. It sold nearly 32,000 such cars last year, des

sales of the 480ES model only just getting into their stride.

BMW, for one is confident that this year it will exceed last year's sales by at last a small margin at 38,000 units, although it believes that if the market stays buoyant until the end of the year 40,000 could be in sight for the first

Mr Hans Tauscher, managing director of Mercedes-Benz UK also believes further modest growth is possible, while Volks-wagen's up-market sister company, Audi, is looking for a rever-sal of the decline in its UK fortunes, helped by new models such as the latest Andi 80 and 90. Sales last year fell to 16,830 from over 19,000 a year earlier.

With Japanese manufacturers constrained to a total market share of Il per cent, it is the West German manufacturers which most concern Rover, and Apart from proclaiming its Fastback flagship, the 140 mph Vitesse, as the flastest Rover every built" (except for racing), its advertising for the car is an unblushing reversal of Audi's

in the UK. With an entirely German script, it shows a West German executive impressing colleagues with his new British car - in the heart of Mercedes' and Porsche's home town of Stutigart.

KIN TO THE

1175

Driving far at high speeds

NO ONE DOUBTS that Mercedes knows how to build quality cars. But a perhaps legendary tale links at least part of the Stuttgart company's success to Chancellor Adenauer's hat.

It seems that just when the first cabinet of the new Federal Republic of Germany was to decide which car should serve as their official transport, Konrad Adenauer discovered that he could get into a Mercedes with-out taking off his hat. The Cabinet opted for Mercedes, and local officials and executives throughout Germany followed their lead. BMW has still not broken through, especially with govern-ment officials," says economist Reiner Eigenstetter of Bayerische Hypotheken und Wechsel Bank

of top government decisionmak-Unless of course they come from Bayaria, where government Ministers insist on using Munich-made BMWs rather than any car coming from neighbour-

when asked about the preference

Bavaria's Christian Social Union ministers now serving in Bonn's coalition government also opt for BMW sedans. In West Germany's decentralised economy, executives can spend a lot of time on the road between Hamburg and Munich and points

Thus the top speed of a car, and the durability of its engine and other mechanical parts at 150 kph-plus speeds are key considgrations when choosing it German car companies mod-

estly point out that their executive car models have "adequate power reserves for any situaand that the top speed is 200 kph-plus.

No car in recent memory has had such an impact on the luxury executive car class as BMW's new 750i model. Its powerful V12 engine makes it faster than most other cars on the road, BMW claims 40 per cent of the buyers



sold out until April 1989. It, too, Mercedes-Benz S-class cars regis-

The BMW 7-series: BMW has yet to break through with government Ministers - unless they come from Bavaria

Independent husinessman Heimo Kramer knows some of his executive friends have made the nary, like a Porsche 911 Turbo. switch and now swear by their new BMWs. Bnt, a Mercedes driver for the past 25 years, he is sticking with Daimler-Benz.

"For one thing, the new BMW can reach about 250 kilometres per hour, and I was afraid I'd be tempted to try it. But 200 kph is ast enough for me. And the main thing is, after three years, a Mer-cedes retains its high resale 45 years old, is usually male (98

important factor when choosing a new car in Germany. "I spend more time behind the wheel than in my living room," he says, car. adding that he has ordered a spedically-designed seat

for his next Mercedes.

of its new 7-series cars are former Schmidt or Mueller down the be an achiever, must be success-Daimler-Benz customers. block are also driving. Stockbro-ful." block are also driving. Stockbro-kers and private consultants may prefer something out of the ordi-

> This is the kind of car which clears the fast lane of the Autobahn just by suddenly looming in the rear-view mirror of the cars ahead. Of the almost 35,000 cars sold in West Germany for more than DM65,000 last year, 17 per

value," says Kramer, who logs per cent), an independent busi-about 70,000 kilometres annually, nessperson (80 per cent), married about 70,000 kilometres annually, nessperson (80 per cent), married most of it in the Autobahn fast (80 per cent), and likes sports such as tennis (46 per cent), ski-With this mileage, the comforting (32 per cent), sailing (26 per of the driver's seat is another cent) and golf (12 per cent).

But then a Porsche is not really your standard executive

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But it might be inadvisable to buy such a swift means of transport if you don't really care to overtake whoever else may be driving along the Autobahn.

Traffic psychologists found that some Porsche owners could not cope with the expectation, or and "express your social status," peer pressure, to drive faster than anyone else on the road. You really have to be self-assured to drive a Porsche slower than others on a no-speed-limit highway, especially when every other driver glances over to see what

Not every executive car Made in Germany comes from exclusiva up-market car companies. Volkswagen sold 44,170 of its Audi 100 models in the home market last year, and almost 150,000 of its new, sleek aerody-namic-looking Andi 80,90 models. The Andi 200 Quattro, with its four-wheel drive making it a

'executive car.' Wa build a sports four-wheel drive making it a car in the exclusive class," says favourite with rally drivers, also But not every executive is Ulrich S. Heyl, Porsche's new qualifies as an "exotic" executive interested in driving the same sales director for West Germany, car. And Audi has just Mercedes sedan which Herr Whoever buys a Porsche must announced plans to introduce a

V8 engine for a luxury sedan this

The mass market carmakers face difficulties in Germany toconvince executives that their top models are on a par with Mercedes or BMW. But they cannot ignore the executives since such cars establish a certain image says Karl Maner, spokesman for

"Opel's top of the line Senator model is basically a luxury ver-sion of the Omega, but longer and with leather seats. Owners also get a Senator Card, offering counts at certain hotels. High technology engineering is

as important as the styling Opel's Senator offers an electron ically-adjusted suspension sys tem, ABS (anti-blocking brakes) and plans to offer an improved engine soon.
"A Senator driver wants

sporty, hi-tech car, but maybe he thinks it would be inappropriate to pull up at his custom ing a big Mercedes 300. For the executive who can't afford to impress his customer in the wrong way, we think this is a sector with a future," says Mr Mauer.

Executive cars are the image setters for every model line. As decisionmakers, the executive buyer also affects other purchase decisions, such as his family's second car. Opel's Senator and Ford's Scorpio are not trying to replace Mercedes or BMW as an executive's chosen car.

But even the mass market makers realise the necessity to offer something special to this especially influential group of

Dennis Phillips

France Rivalry at home

COMPETITION IS expected intensify sharply in the French 18 months, as foreign car importers become increasingly aggres-

But more significantly, Peugeot, the private car manufacturer embracing the Peugeot and Citroen marques, is preparing to launch next year the replace-ments of both the top of the range Citroen CX and Pengeot 505 models in an effort to snatch back the lead in this market from Renault, its state-owned domestic

· Peugeot, which had long domi-French car market, was over-taken by Renault · which had had concentrated largely on prodncing high-volume, low-cost smaller cars - when the state ault has just completed an exten-group took the bold decision to sive facelist of the R25 which has enter the upper end of the mar-ket with its R25 four years ago. The success of the R25, which

Peugeot 505 and the Citroen CX the two new top range models of but also against foreign imports cutroen and Peugeot come on the such as BMW, Mercedez-Benz French executive car market, and Lancia, surprised even Ren-

After peaking at 5.8 per cent, the R25 has managed to hold on to 2.5 to 3 per cent of the overall domestic market. Its market share last year totalled 3.1 per cent, and in the first quarter of this year it was still in the lead of its sector with 2.7 per cent of the

Before the arrival of the R25. we only had about 25 per cent of the upper segment of the French of the overall French car market car market with the R20 and the five years ago, today the figure is R30." says a Henault official. only about 8.5 per cent.
"Today we still command about Peugeot also hopes that its new 45 per cent of that market seg top of the line models will not

In contrast, the private Peulevel of European seles but will geot group with its older Citroen finally help boost its disappoint. CX and Peugeot 505 models now have only about 20 per cent of the domestic executive car marks. For its part, and although Renault withdrew from the US market.

the launch next year of its new group continues to supply compo-top of the line Citroen and Peu-nents to its former American geot models. The new Citroen CX partner. replacement, code-named DX, is due out at the beginning of the last year was part of Renault's year, while the Peugeot 505, code overall recovery strategy of during the second half.

tion of the older R25 and help The state-owned group ous general restructuring poli- geot 405.



nated the upper end of the Peugeot's 505 V6: seeking the lead

given the model a new front bonnet and other improvements Even so, the R25 inevitably will

The private group expects to increase Its market share significantly

overall French domestic car mar-which itself has been shrinking over the last five years.
Indeed, while executive cars accounted for about 9,5 per cent

only continue to sustain its high

ket last year when it sold its con-However, the private group trolling staka in American clearly expects to increase its Motors Corporation (AMC) to market share significantly with Chrysler, the French state-owned The sale of its AMC interest

amed Z-6, is due to be launched recentring the company on its during the second half.

The new models are likely to facturing operations. This straterode severely the leading postery is now paying dividends.

Pengeot in its efforts to recapture returned to the black last year the lead in this particular mar-with profits of FFr 3.7bo after ket. Indeed, Peugeot's strong several years of heavy losses. financial recovery during the last Renault is also about to launch few years has been largely the the replacement for its mediumresult of the company's success range R11 and R9 models while in bringing out popular new its R2I model in the medium to small and medium-range cars, upper range has proved both a such as the Peugeot 205 or the commercial and financial success Citroen BX, coupled with strenn- as is proving to be the new Peu-

Peugeot too has consolidated

In an effort to limit the damage its financial recovery with net and fight off the imminent challenge from its private rival, Rengroup is now expecting to report a similar level of net profits this year. However, the private car manufacturer will also be paying substantially higher taxes this year - between FFr 4.5bn and FFr 5hm - since it was able to benefit in the last two years of the carry forward of previous losses.

Indeed, in pre-tax terms, profits are expected to rise by between 30-35 per cent this year to more than FFr 11bn compared with pre tax profits of FFr 8.6bn last year.

The recovery of the country's two large car groups reflects several years of sweeping restructuring, major productivity gains, and the success of such new models as, in Renault's case, the RAL the R25 and the small Super Five mini; and at Peugeot the 205 mini, the Citroen BX mediumsized car, the new small Citroen AX and the recent Peugeot 405. Moreover, the French car manufacturers have also heen boosted by the general recovery

of the French car market last

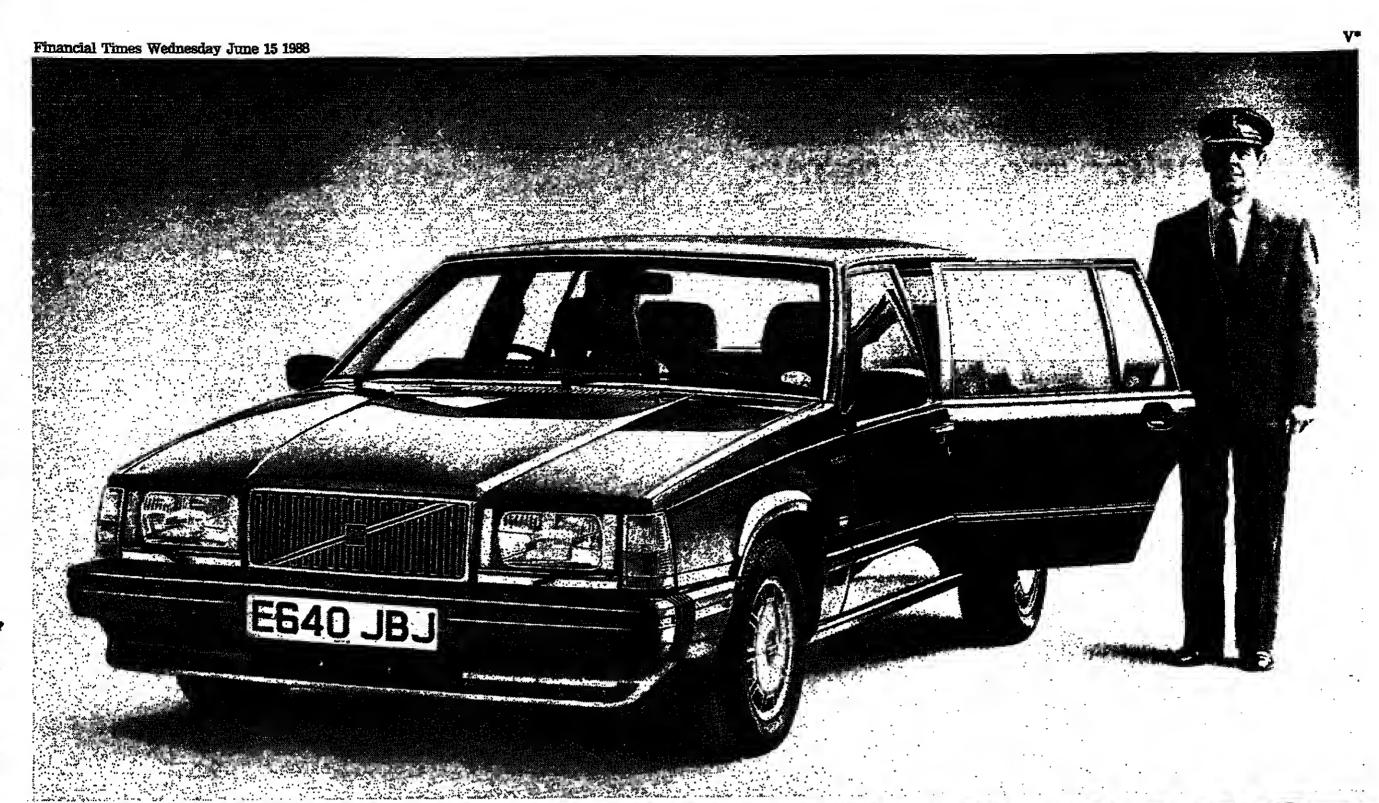
year. New registrations of pas-

senger cars and light vans rose by nearly 10 per cent to more than 25m vehicles.

The upper end of the market, like the rest of the French car market, was also given a hig lift by the decision last year of the former right-wing government of Mr Jacques Chirac to reduce the extremely high level of Value Added Tax on naw cars in France. The tax rate was brought down to 28 per cent from 83 per cent, which was one of the high-

est VAT rates in Europe. However, the industry does not expect that the substantial rise in car sales last year and during the first quarter of this year can be sustained. But the two domestic car manufacturers are now in a far more confident mood to tackle a slowdown in the car market

Indeed, both have major ambitions to expand their penetration. of the European car market in. coming years while continuing to improve their financial structures and domestic industrial



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Japan: imports from Europe have stimulated a taste for luxury

Up-market models carry wealth of new gadgets

SALES OF up-market cars are booming in Japan. Where once the Japanese bought small, boxy, economical cars, they are now rushing for the most expensive

Indeed, most of Japan'a classic executive cars are now no longer what they used to be. All the leading automakers have been npdating and improving their executive cars, with re-launches of old models and announcements of new models taking place almost monthly in Japan. This massive re-design was long overdue. As larger cars are taxed more heavily than smaller ones in Japan, most businessmen had been reinctant to trade-up to the more expensive cars. n't worth it, they were a little

expensive cars used to look just like the cheaper ones, only big-ger." says a Nissan official-All that has changed now and customers are gratefully snapping up the bigger Japanese cars. Sales of Toyota's re-launched Crown, now nearly as wide as the high in January that the up-mar-ket car outsold every other car

frustrated, because the more

on the market that month. The move to luxury has been spurred, in large part, by Japan's growing taste for imported cars, primarily from Europe. In 1987, sales of imported cars jumped by 43 per cent to nearly 100,000 units, with sales of Mercedes-Benz and BMW cars up by 36 to 38 per cent. Overall, sales of cars with engines exceeding 2000cc have been booming in Japan.

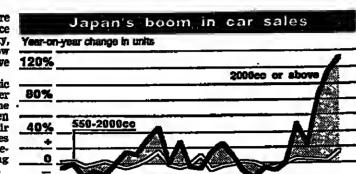
The newly-introduced models such as Toyota's Corolla and Crown, Nissan's Cedric and Bluebird, Honda's Civic and Prelude, Mazda's Capela and Mitsuhishi's and no Galant and Mirage, are all the March.

Snags

foreign

with

cars



top-selling models for each of the companies, according to Nomura

Sept 1985 Sources:Nomura Japan Autor

ria Cima and Toyota's new Crown, have made the biggest splash. Nissan has needed the Cima more than perhaps any other company. Toyota, with close to 50 per cent share of the domestic market, has been sailing confidently through the era of the high yen, thanks in large part to the strength of its domes-tic dealership network.

Nissan, however, with most of its domestic dealers in losses and its overall earnings going side-ways, has needed a big winner badly. The Cima, with its entirely new, rounded body design, its ceramic turbo-charged 3-litre V6 engine, is proving to be that win-

Cima hit 5,300 units in February and notched up 6,500 sales in Using a compact disc read-only

of Japan, down to street level. It uses magnetic fields and acts as a compass, helping to advising the driver which way to turn in Japan's complicated road The navigational system costs

Y350,000 and "is not perfect by any means," according to Toyota. Nonetheless, 60 per cent of the best-selling model of the Crown, the Royal Saloon-G, are bought with this option. Toyota explains that the navigational system can fail when the car goes under a metal bridge or railroad tracks, as this action magnetises the

The navigational aid is the most glamorous part of Toyota's multi-vision system for the Crown. Basically, the multi-vi-sion system allows the driver to watch 8mm videos, watch television or listen to the radio at the touch of a button.

To prevent accidents, the tele vision/video system automati-cally shuts off when the car is put into gear to be driven. This immediately prompts the ques-tion of what is the point of having such a system in the front four-wheel drive, an option which seat. To this, Toyota explains is somewhat questionable as that it can be "enjoyed" during most Japanese drivers spend traffic jams, or when the driver is their time in traffic jams, not on parked, waiting to pick someone

planning to launch a new 4000cc car. Lexus, in the US next year The company has yet to decide be available in Japan, but given the strong demand for upmarket gory Toyota has come up with executive cars, it can only be a what it claims is the world's first matter of time before Toyota sells Originally targeted to sell what it claims is the world's first matter of time before Toyota sells about 3,000 units a month, the navigational system, which it is its latest luxury product in the offering on its upmarket Crown. expanding home market.

BUYING A CAR anywhere can be fraught with difficulties, as Yoi-chi Tsuchiya, president of Sanyo Securities, found when he decided to buy an imported car.
Illustrative of the way busi-

ness is done in Japan, Sanyo Securities was an underwriter in a public offering by Jax Inc, a retailer of imported and used cars, which listed its securities on the OTC market.

After Sanyo Securities co-un-derwrote the share offering, Mr Tsuchiya decided to buy some Fiat cars, which are imported by

Jax.
"With the high yen, foreign much cars have become much cheaper," he says. "I bought three Fiats, one each for myself,

my brother and my children.

There are some things that I noticed after buying the car. In Japan, there is a classification of cars into large and small vehicles and so on; the licence and number plates are different, and tax and insurance is also different.

that it puts them at a disadvan-tage. With Fiat, with a small engine, and compact body size, because it is 6cm bigger than the average size of Japanese car, it is classified as a large car.

"Just because of the six centi-metres extra width, the tax is higher and the insurance premium is higher. In some cases, driving on the expressway, you

repair, although it was a new car. pean products as having a big The Nissan Cima is selling 4,000 repair, although it was a new car. pean products as having a big The Nissan Cima is selling 4,000 units a month, and Toyota the open, and at one time the transcenturies of history."

bought a Japanese car. I share a market may restrain the absolute cars were seen as gaz guzzlers, Toyota Soara with my wife, and growth of foreign imports into and were bought almost solely by

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Floor Management.



By contrast, the Nissan President, which sells in about the

same price range, has been ching-ging along with fewer than 100

sales per month in the same time

Thanks to the increased inter-

est in up-market cars, the major

antomakers are falling over themselves to add the newest

electronic gadgets to their cars. Almost all the new models have

Other standard items are elec-

tronic air suspensions systems, wing mirrors which fold back to

allow for Tokyo's narrow streets

and rack and piniou power

memory system, this naviga-

In the more exotic extras cate-

mountain roads.

my daughter drives a Toyota Cel- Jagan for a time.

lons, the climate, and so on, and think of ways so that Japanese can drive the car comfortably; otherwise foreign cars will not

sell in Japan." Despite the problems encountered by Mr Tsuchiya, imports of 1990s. foreign cars into Japan have boomed over the past two years.

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yakusa (gangsters). But with the car manufacturers honing their In calender 1987, imported cars "What I would say is this if rose 40 per cent to 97,500 units, skills on the large car market someone wants to sell cars to the This year, most importens expect domestically, they are preparing Japanese, they should study the conditions in Japan, the regulation to 13,000 units. The common market worldwide.

belief among the importers is that growth will continue at around 30 per cent a year until cars in the US and continue to the level of total imports reaches 300,000 units annually, which is have initiated a strategy world expected in the first half of the wide of making upmarket cars, and they have initiated it first in their home market before taking it oversea

ened the entire market."

ket targetted by foreign car mak-

car market in Japan.

Mr Paysen says: "Seventy per cars. Our clients include doctors,

With foreign groups facing stif-fer comptetition from domestic akers, they are now targetting

Where we have not succeeded is in the real corporate car market. We have an excellent product, but all major corporations or business groups have connec-tions somehow to the big Japase makers. They don't demonstrate the corporate image, they just buy the group car."

Italy: new designs have become popular with business users

Powerful marketing elbows foreigners out of the lead

assembly of Confindustria, Italy's top business organisation, is as comprehensively star-studded as any Oscars night in Hollywood. The cast, of course is different.

but anybody who is anybody in the world of Italian business and government troops out to EUR the satellite town outside Rome planned on a suitably grandiose scale by Mussolini's architects -to hear the Confindustria president deliver business' view on the state of the nation. The occasion offers a unique

opportunity to study preference in what the Italians call outo blu the cars which are chosen as much for their value as represen-tational symbols as for efficiency

Outside the Confindustria tor E sales in the first four building in Viale Turpini, shining ranks of expensive machinery are Our observer would have had to

During the last few years, physiognomy of these cars has would probably have noted that a percent of all sales). . majority of the vehicles transmen to EUR would have been

Among these, the strongest probability was that they would have been BMWs or Mercedes. In that year aloue, these two marques captured just over 40 per cent of the market. The Italian share of sector E -

in which the majority of executive cars are concentrated - was fractionally over 37 per cent of which 24 per cent was Alfa Romeo. The absence of strong contenders from the Fiat-Lancia stables kept their contributions down to 13.7 per cent. Anyone wanting to take a read-

ing of the prosperity of Italian business would have noted that segment E amounted to 90,265 vehicles or 5.51 per cent of that vear's total market. The same observer at this

ear'a Confindustria gathering in late May could not fail to remark a major change in the names of vehicle badges. To start with, a significant majority were Italian, their ranges and introduced new Paradoxically, the success is a reflecting the fact that Fiat Landoxical and Alfa Romeo have taken out of the front ranks by new subsidiary. While the Thema's



lounging proprietorially against to content itself with a compara-their charges or - an increasing tively modest 12.8 per cent. The phenomenon this - sunk deeply proportion of Mercedes would be into the backseat conducting about the same, some being the absorbed conversations on the 190 model which is taking 9.3 per cent of the market but rather more being larger 200 and 300 series which come from the changed substantially. An higher-priced sector F (in which observer in Viale Turpini in 1984 the German producer holds 44.7.

> have been exceedingly modest, and substantially more so than they were in 1984. Renault for give the full picture, since a num- 1986.

The Swedish company was out- out of fashion sold only by Mercedes whose As a novelty in the market,

What has been happening in have been booked so far this year sector E is that although foreign and 10,000 had been delivered by manufacturers have updated the end of May.

marketed with all of the consider-able power which Turin can

double and triple parked, with search rather diligently for a first came the Lancia Thema cigarette-smoking drivers either BMW, the company now having in 1985, then the Flat Croma in lounging proprietorially against to content itself with a compara-First came the Lancia Thema 1986 and finally the Alfa Romeo 164 in the autumn of 1987. All designed around the same floor pan - shared with the Saab 9000 -these cars appear to have found a very ready market among Italian

> In step with the substantial increase in their profits over the e German producer holds 44.7. last four years, Italian managers recent of all sales). have moved into sector E in Other foreign presences would growing numbers, so that the group took nearly 7 per ceut of the total Italian market last year.

Their preferences partly reflect example, which captured 4.9 per a strong "buy Italian" mentality cent of segment E four years ago, but also an attraction to some-has slipped to 3.2 per cent in the thing which is completely new. first four months, Volvo from 5.84 In its first year, the Lancia to 2.6 per cent, Andi from 5.0 per Thema's novelty value helped cent to 0.6 per cent and Peugeot carry it to 22.4 per cent of the from 1.9 per cent to 0.6 per cent, market, while following its debut, Sector E of course does not the Croma took 29.1 per cent in

ber of higher-priced models are One industry executive classified in sector F which last believes that fashion is a poweryear accounted for 1.7 per cent of ful factor determining whether a the total market or 32,795 cars, new car catches on in Italy and Here Volvo was particularly also how quickly it fades. "As strong with close to one third of soon as the local butcher is seen the market selling 10,361 of its driving a secondhand version then a model can go very quickly

total of 200 and 300 series sales and quite irrespective of its mer-reached 12,019. Saab, Citreon and its, the Alfa 164 is now rolling out Maserati largely accounted for of the showrooms in impres

handsomely in 1985-86-87 from 22,480 units (22.4 per cent) to 40.715 (30.1 per cent), the figures for the first four months of this year suggest that the 164 is stealing sales off the Thema.

The 1968 figures show that the Lancia's share has fallen to 23.8 per cent while that of Alfa, which stood at a puny 6.3 per cent in 1987, have already climbed to 18.9 per cent.

This is something that Fiat was probably prepared for, although before the launch of the 164, Vittorio Ghidella, the managing director of Flat Auto, was confidently maintaining in public that it would not happen. In fact. he took deliberate steps to try to

After Fist took over control of Alfa at the beginning of last year and Mr Ghidella took his first look at the 164, which was then in its late development phase, and concluded that it far too closely resembled the Thema in

both attributes and price.
So he delayed its launch until
the actumn so as to be able to maka some important cosmetic changes which would more strongly differentiate the design from the Thema and justify charging a higher price than for

the Lancia car. The marketing concept has been to sell the Thema as a quality car of "class", the 164 as a quality luxury car with sporting characteristics, and the Croma as no-frills price- for-performance

Fiat are unlikely to be too concerned at the Alfa prospering somewhat at the expense of the Thema. It is a higher-priced product, is reducing Alfa's contin operating losses and is still serving to expand the Turin group's share of the market.

Alfa-Lancia plans to sall the 164 into the rest of Europe from October and into the US from the second half of next year.

Although largely an inherited design, the model's success is crucial to Fiat's recovery plan for Alfa which involves selling 60,000 of its vehicles in the US by 1990-91. By then, the auto market will know how successfully Flat has managed to produce its own designs for the Alfa badge to replace the existing 33 and 75

love affair the car

NO OTHER nation has such a passionate relationship with the car. Not only are seven out of the 26 current Formula One racing drivers Italian, but it seems as though inside every Italian is a racing driver waiting to be let

of Flat, admits that he would like moving further into this (2 litres to go motor racing, but that in and above) sector, it has broad his position it would be "ridiculous" and "unsuitable."

Vittorio Ghidella, managing

director of Fiat Auto, responsible Italians - a way of expressing their personality.

When it comes to discussing

company policy on executive cars however, italians are extremely secretive, preferring to talk about the Maña or their mistress than

He is doing better if he has a chauffeur and a telephone; and "European makers used to chauffeur and a telephone; and make a big fuss about the higher he is at the top if he has in addimake a big riss about the right in the list at the up if he has in annitaxes on cars of more than two littles," says Mr Wood. "But the littles," says Mr Wood. "But the cities such as Rome and Milan, big effect is psychological. With where the central areas are closed to private traffic at certain crown, and Nissan the Cima, this hours of the day.

A partner at the Rome branch of the accountants Deloitte Has-kins & Sells says that most executive cars are in the 1600 to 2000 cc range (all angling for the 2000 cc models), but rarely over. VAT rises sharply after that and the owner becomes subject to unwelcome interest from the tax authorities.

Most companies give Italian cats - for patriotic, not tax rea-sons - such as the Fiat Croma or the corporate car market to try to the Lancia Thems. The Thems consolidate their position in the domestic market, among executives and in general It led the field for both foreign

and home-produced cars last year, selling more than 40,000. Alfa had dropped out of the mar-ket until recently, due to the company's well-known problems while still under state control. Now, under new ownership and



The Lancia Prisma: first choice of many managing directors

delay in delivery, so it is still too early to tell how it will affect the market. Mr Leopoldo Pirelli, president of the tyre company, uses both an Alfa 164 and a Lancia Thema (with a Ferrari engine).

Mr Carlo De Benedetti, chair-man of Olivetti, feels no particular loyalty to the Italian motor industry, and drives a black 16-valve Mercedes 190 or a BMW, depending on the weather, "as well as Italian cars," a spokes-man adds hastily.

At Olivetti, only about 10 to 15 top executives are provided with cars, almost all Lancia Themas. As is common practice, users do not pay the road tax if the car is used only on company business, but make an agreed contribution towards it for weekend use.

Pirelli keeps a fleet of about ten cars, all Italian: Lancia The-mas, Lancia Deltas, Alfa 164S and Alfettas, for the use of senior executives. The president of the state conglomerate IRI, Prof. Romano Prodi, is driven in an Alfa 164 and the director general in an Alfa 75. The spokesman claims that these are the only two with company cars.

The president and director-general of one of Italy's largest pri-vate banks, the San Paolo di

164, it is becoming the managing work in Lancia Themas (with director's first choics.

But the new Alfa is expensive

Cars provided for executives Cars provided for executives and there is still a six months' are company-owned: a convenient fringe benefit usually acquired under a leasing system.

Road tax is calculated according to engine capacity, so that a 2-li-tre car pays L138.000 a year. Diesel fuel costs about half as much as normal petrol, but the road tax is considerably heavier. a 2-litre turbo diesel engined car would pay L813.000 a year in the smaller car range, the Fiat Ritmo

or the Volkswagen Golf, fuelled with normal petrol, would pay 165.000 a year and with diesel, 1443.000, while a 2.2 litre turbo diesel car goes up to just under Demand for diesel engines appears, nonetheless, quite strong running at about 25 per cent of the total sale of the best-

selling Plat car, the Uno. Diesel fuel does provide more kilometres to the gallon, but to offset the higher road tax the user would have to do between 20,000 and 30,000 kilometres a year. A firm of management consul-

tants in Perugia, Asso, claim they can pinpoint not only the posi-tion in the company hierarchy, but even the department of an executive, from the car he or she drives. They examined 70 companies, with an average turnover of ringing home to get the pasta put LASOUR and staff of more than on to boil. following the launch of a highly-vate banks, the San Paolo di L450bn and staff of more than attractive new model, the Alfa Torino, are driven to and from 1,000, and reckon that staff on the

technical side favour Figts (Regata, Croma and Ritmo) while personnel directors, managing directors and marketing executives favour Lancia Prismas and the Thema.

The sales side chooses the Lan-cia Prisma, Alfa 75 and the Flat Croma, with a small percentage going for foreign cars such as the Opel Kadett and Ascona, the Golf and the Audi. They calculate that Italian cars

make up 75 per cent of the executive market. However, from a small private survey it emerges that while Italian executives claim they prefer Italian cars, they actually choose foreign ones when they are high enough up the company to do so.

Car telephones are a fairly new status symbol in Italy and a national network has not yet been completed. Liguria, Lombardy, Piedmont and the Veneto are the only regions fully covered (as well as major cities elsewhere). But if you see a driver telephoning down in the South, he may just be pretending on a phone that doesn't work.

These telephones certainly are proving useful, as an early leaver from a Confindustria annual review discovered. Walking out of the building, he found the chauffeurs of the ubiquitous dark blue ministerial cars all busily

Foreign car companies claim as the rise of the yen has made imports far cheaper.

But that is only a part of the reason; changing tastes and lifestyles have helped to expand the "In Japan," says Mr Luder Paysen, president of BMW Japan. Her this year.
"there has been a clear-cnt" "For the past two years or so," change in the social environment. "In the past, it was a very
homogeneous society but now it
is becoming more diffuse."

The past way years of so,
says Mr Paysen, "our competition
in this market was the other
imports. Always imports held a
20 to 30 per cent share of the over My impression is that it is very uneconomical. There were This is particularly true of two litres car market But now, younger people, according to Mr we must compete directly with P.J. Woods of Austin Rover Toyota and Nissan. so many problems during the six P.J. Woods of Austin Rover mouths that I had to send it Japan. There is a trend among many times to the garage for the population to look for Euro-

That may prove optimistic,

Hit by the ravages of the yen on their own car exports, the hig domestic carmakers have gone aggressively upscale. Nissan was the first to pitch to the emerging demand for larger cars with its new Cima model, launched ear-

There is a surging trend for upmarket cars at the moment.

open, and at one time the transmission stuck.

These problems are unthinkable with a Japanese car. So after a little over a year I gave up and at the domestic new cars a little over a year I gave up and the domestic new cars a little over a year I gave up and the domestic new cars a little over a year I gave up and the domestic new cars a little over a year I gave up and the domestic new cars and the domestic new cars. Larger

APPOINTED DEALERS

their home market before taking "Now, with Japanese makers

Nissan's three litre Cima was launched in January this year. It launched in January this year. It retails for over Yam, more than double the price of a normal compact in Japan. The top model pact in Japan. The top model which have pushed Italian cars to goes for slightly more than Y5m. The targetted market is small says that cars are like clothes to business owners - the same mar-

petition that has resulted follow-ing the entry of Japanese car makers into this sector, importers of foreign cars argue that by their cars. An Italian manager launching such up-scale models, they have broken the barrier that gets an Alfa 164, a Lancia Thema has limited expansion of the big or a Fiat Croma.

has resulted in a massive increase in demand for large

dentists and other professionals, and we have enlarged from this to include owners of small-sized businesses, and Japanese yup-

domestic market.

Financial Times Wednesday June 15 1988

greed of the 15 fe

ress users

It is a surprising fact that only Mercedes-Benz, of all the world's car manufacturers, routinely test their models for off-set frontal collisions. Why? Because government crash test legislation demands that car TRE IMPACT SZĄBING STRUGTURE OF THE MONOGOQUE BODY. makers meet requirements only

for 100% frontal collisions - so that is the routine they all follow. Except Mercedes-Benz.

Their research shows that 40% off-set frontal collisions happen three times more frequently, so Mercedes-Benz design briefs demand that all chassis and crumple zones be tailored specifically to disperse the unique stresses of both types of collision. Which means impact energy is absorbed progressively and displaced into forked cross-members mounted onto extremely

rigid sidewail and transmission tunnel structures. The energy is therefore diluted by being Only Mercedes-Benz crash test their

cars for the accident that

transmitted and absorbed in three different directions. happens most often

interests. Mercedes-Benz allowed it to be infringed in everybody's interests, so other car makers could incorporate the idea into their own body designs. A gesture that speaks for itself. .

la 1959, Mercedes-Benz became the first manufacturer to crash test and roll-over test their cars.



In that year, 80 were destroyed in the search for greater passenger security. Since then, no car maker has placed greater emphasis on crash testing, and many others reap the benefits simply by adopting the results of Mercedes-Benz pioneering research.

STATE OF THE ART SAFETY CELL

Computer-aided design, combined with extensive use of high strength, low-alloy

steel, ensures that Mercedes-Benz monocoque body shells are not only light, but are also outstandingly strong. Such a highly rigid shell is the basic safety

> element, its front and rear sections designed to yield progressively in major accidents. They absorb kinetic energy and divert the full force away from the passenger safety cell. Strong cross-members are built into the floor pan to stiffen further the safety cell's resist-

> > ance to side impact.

Additional single section

roof frame cross-members enhance the total load bearing capacity of the roof in front, side and roll-over impacts.

HOW THE USE OF AIR CAN PREVENT INJURY

All inertia-reel safety belts fitted to the front seats of Mercedes-Benz cars, have electronic belt tensioners

as standard. Above a predetermined level of impact,

the tensioner is activated and pulls the belt taut around the body in milliseconds, inhibiting forward movement of driver and front seat passenger. Above certain speeds, however, impact injuries

can still occur no matter how sophisticated the seat belts being worn. Therefore, Mercedes-Benz also offer FROM IMPACT TO INFLATION

an electronically controlled airbag that is neatly stowed in the steering wheel hub. This innovatory safety feature has been available since 1981 and is already fitted to 350,000 Mercedes-Benz cars. A normally invisible guardian, it inflates in milliseconds. under impact, to cushion the driver's head and greatly reduce the risk of chest injuries. Further proof that the Mercedes-Benz commitment to safety is uncompromising, unchallenged and continues unabated

A CRASH TEST EVERY THREE DAYS

Mercedes-Benz conduct a crash test every three days, on average. Because safety research is an integral part of the Mercedes-Benzdesign process, many tests are conducted on prototypes prior to full scale production of a new model. Consequently, the safety de-

velopment team are well placed to impose their priorities on the fundamental design of a car. Today's Mercedes-Benz models are the most thoroughly tested and safest the company have ever built.

The four-part Mercedes-Benz steering system, as an example, is fitted with a distorting cup under the steering wheel, and a collapsible, corrugated column that will not intrude into the passenger

compartment in THE ENERGY ABSORBING either a headon or off-set collision. Nor can the clutch or brake pedals behave like blunt instruments. Because 20% of all severe accident injuries are to the feet, the pedals are designed to swing away from the driver on impact.

THE FATHERS OF AUTOMOTIVE SAFETY

The history of Mercedes-Benz safety consciousness dates from 1931 when they developed independent front suspension to ensure safer roadholding. And as long as thirty-seven years ago, long before 'crumple zone' and 'safety cell' became part of car industry jargon, Mercedes-Benz patented the first impact-absorbing body shell. But rather than protect the patent in their own



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

Change to sleek models

THE BEST-SELLING car model in equalitarian Sweden last year was the pricey Volvo 740. It is one measure of the success that Volvo and its domestic rival Saab have achieved during the 1980s in switching from making sturdy folkbilar (people's cars) to sleek

The two Swedish carmakers combined can claim 10-15 per cent of the loosely-defined European-produced medium-size auto market that is shared by BMW. Mercedes and Aodi. Sales and production have nearly doubled for both, increasing profitability.

It is a far cry from the late

1970s when the future of the Swedish car indostry was in doubt. Volvo and Saab plants are operating at full strength, with the two adding new production facilities within the next year. "It is a matter of selling everything we have the capacity to manufacture," Mr Georg Earn-sund, Saab's president, told

shareholders in May. The move opmarket by the Swedish companies was prompted by concern that they could not survive by turning out mass-produced cars. Their strat-egy was to increase profits on a stable volume of more expensive

They have benefited from their reputation for engineering quality, producing vehicles that can operate and survive in the tough Nordic winters.

One reason that the Volvo four-door 740 GL has become the new standard in Sweden is that consumers consider Skr122,500 a cheap price to pay for a car that is built to last two decades. But the next several years will test whether Volvo and Saab will be able to maintain high profit mar-gins in the face of a falling dollar and fierce market competition.

Volvo's entry into the uppermiddle range began with the 760 executive car in 1982, the first of the 700 series that complements the company's older, less-expensive 200 series. The 740 family sedan and the top of the line 780 followed in 1984 and 1985 respec-

with a long product cycle, changes in the 700 series have been a series of gradual improvements since then. Volvo revamped the 760 and 780 models ast year by replacing a third of their 6000 components, including the addition of a rearsuspension system to match Mercedes and BMW. A similar system for the 740 may follow.



for 60 per cent of the 300,000 medium-size cars that Volvo built in Sweden last year, with 191,400 in the 700 series class produced compared to 107,600 for the 200 series. Sales of the 700 series amounted to 185,700 while 114,400

200 series models were sold.

Production this year is expected to fall slightly due to a strike by key white-collar workers that series.

closed Volvo plants for four Produceks.

Produce Pro

The 70u series now accounts to turn its attention to developing a new car range that falls between the 9000 and 900 series. Out of Saab's total production of 134,100 cars last year, 49,000 were 9000 series models and 83,000 were the 900 series, including 18,500 900 Turbos. Sales amounted to 127,000 last year, including 41,300 for the 9000

Production is expected to fall

Volvo has come to rely heavily on its car division to generate profits for the diversified conglomerate

is trying to recoup some of the loss by stepping-np production. Saab tested the waters of the executive car market with its 900

Saab completed the 9000 series on its car division to generate in Malmo next year, which will range this spring with the introduction of the four-door 9000 CD glomerate; the division accounted 180,000 vehicles by 1992, is likely seen, following the turbo and injector-engine five-door verlast year. But strike-related procisions "With this car Saab can depart and leaves and sions. "With this car, Saab can compete throughout almost the

Although the executive car

cyclical downturns than other sis from the US, which accounted areas of the motor industry, Turbo in the late 1970s, but Swedish carmakers could see launched itself fully with the profit margins falling over the introduction of the 9000 series in next few years. profit margins falling over the next few years. Volvo has come to rely heavily

duction cuts and lower sales in the US, where a third of Volvo entire up-market sector," says cars were sold last year, threaten Karnsund. "Saloon cars represent to reduce its estimated Skr 80 per cent of this sector, which 11,000-12,000 profit margin on ued 9000 series, which will in practice means that a new medium-size cars.

in practice means that a new market has been opened."

With the launch of the 26,000 six responding by emphasising sales in nou-Nordic Europe, which bought 43 per cent solve Europe, which bought 43 per cent solve Europe.

of the company's ontput last year. With the Swedish krona having fallen against the D-mark, Volvo believes its competitiveness has improved against German carmakers.

But it also hopes to retain profit margins by cutting production costs by another Skr 2000-3000 by 1990. Volvo is investing Skr 3bn a year to improve its production facilities, including opening an assembly plant this autumn at Uddevalla that will eventually raise output in Sweden from the current level of 310,000 to 350,000 by the mid-

Volvo has depended on an exceptionally loyal base of customers estimated at 4m worldwide - it has the second-highest proportion of return buyers after rcedes. But Volvo may not be able to rely on this factor for steady sales as it once did.

Volvo's US customers, for example, tend to be wealthy sub-urban families who normally consider quality before price but the rising value of the krona is even starting to pinch their pocket-

For Saab, the problems are more difficult. Profits for the Saab car division, which account for about 10 per cent of group profits, have been drained by series and 83,300 for the 900 heavy investments for marketing, development and production expansion. The division's profits fell from a peak Skr 1.1bn in 1984 to Skr 579m last year.

Moreover, profit margins for Saab cars are about a third of Volvo's owing to to shorter pro-The strike cost Volvo 18,000 result of the white-collar strike rationalisation and more webicles, although the company that affected Saab as well. market is less susceptible to fully shift its marketing emphafor 36 per cent of sales in 1967, to Western Europe where it claims it has had difficulty meeting demand in recent years. The opening of a new assembly plant

> Saab is also spending Skr 1.5bn annually to overhanl its produc-tion facilities. It plans to increase the proportion of the higher-val-



Choice made by the boss

CONSPICIOUS consumption is frowned npon by Swedes, who consider conformity a virtue. For-tunately for Swedish managers they can have their cake and eat it too: driving executive class is

socially acceptable.

The reason, of course, is the presence of Volvo and Saab in Sweden. Despite their move up-market, the two companies' qualty-engineered vehicles remain

the norm for many Swedes. Of the 315,000 new cars sold in Sweden last year, 35 per cent were made by Volvo or Saab. Their prime competitors in theloosely-defined executive car rate perks above Skr600 are sub-class, including BMW, Audi and ject to personal tax in Sweden.

Under the old rules, executives shares of 2 to 4 per cent each.

industry Association. Mass pur-two years should be regarded as chases by Swedish corporations personal income. of cars for their executives is the

have such a huge slice of the corporate market.

"Executives with large companies have little choice in determining what car they will drive if the car is provided by the company - most big Swedish compa-nies prefer buying Swedish," says Anders Hoff, director of market research for Philipson Bil, which imports Mercedes among other foreign models.

Executives of smaller concerns are the main customers of Mer-cedes or BMW. "Some of them are entrepreneurs who like to display their new wealth. Execu-tives with small companies also have more influence in selecting

what car they would like to drive," Mr Hoff says.

Marketers, though, are trying how to determine what effect the introduction of a new tax on corporate cars will have on sales to companies and executives, Corpo-Under the old rules, executives during the last se paid personal tax on their corpo-

"The tax is thought to have two effects," says Lars Nasman, a spokesman for the Motor Industry Association. "One is that it discourages executives indirectly purchasing "their carsthrough their companies since it increases their tax base, which pushes middle-rank executives especially into a higher tax bracket. into a higher tax bracket.

Last year's new car registra-tion figures showed that Vol-yoand Saab suffered a slight market loss to cheaper Japanese imports. Mr Georg Karnsund, Saab's president recently critic-ised the tax by claiming it "pen-alised the Swedish auto industry" in competition with foreign mod-

The tax has not had a mere drastic effect on sales of Volvo and Saab so far because credit conditions have been favourable sily in the past year."

The corporate sector is a major rate cars according to a sliding buyer of the two Swedish car-scale based on the value of the makers' output, accounting for 40 vehicle. The new tax regulations per cent of their domestic sales, state that 22 per cent of the value according to the Swedish Motor of a corporate car during its first particular to the Swedish Motor of a corporate car during its first particular to the swedish makers' output according to the Swedish Motor of a corporate car during its first particle as the swedish cars according to a sliding "One advantage executives had in acquiring their cars through their cars through their cars through the swedish cars according to a sliding "One advantage executives had in acquiring their cars through the cars through the cars through their cars through the ca their companies was that the avoided having to finance their purchase. But with the present existence of good credit conditions, they have been willing to purchase the cars on their own if they wanted to escape the company car tax."

However, Mr Kjell-Olof Feldt, the Finance Minister, recently proposed tightening credit conditions for car purchases by requir-ing that buyers must pay 40 per cent in cash as a down payment. "The second effect is that a flating a boom in car sales which, he
22 per cent valuation favours the
claimed, was leading to inflationcorporate purchase of cheaper ary pressure in the Swedish econ-

> Executives are now finding other means to acquire corporate cars without hurting their pocket book. One method is purchase their ears individually but have their employers subsidise the purchase by paying "expenses" incurred in using the vehicle.

increase in "demand for older luxurious cars," Mr Hoff says. "Prices have climbed dramatic-

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MINITED YNAMICS

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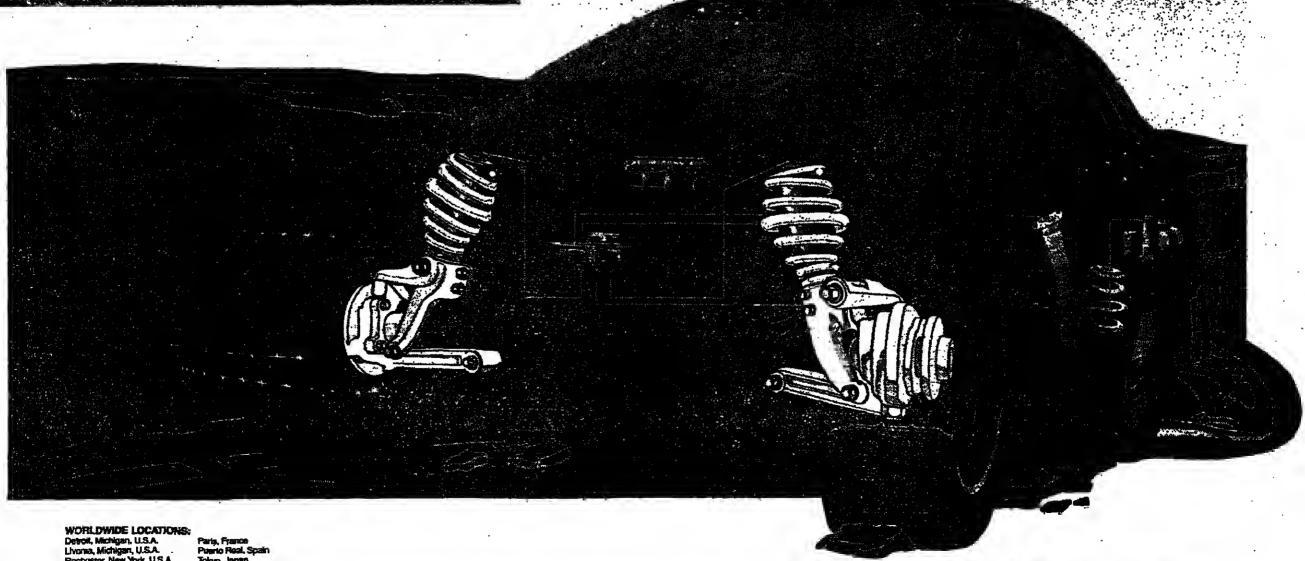
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A dynamic leader in systems solutions...worldwide.

The practice of offering cars to key personnel has become widespread in the South East. John Griffiths reports.

Company perk car policies influenced by rivals

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A. L. L. T. W. W. Williams.

executives who value the status pamies has been known to take in a peak" car.

He or she would have to qualify for a very senior lob at the Post Office even to get on the first rung of the PO's ladder on which a car is awarded for status, rather than essential use, reasons. The qualifying salary level last year was £29,000.

They would do much better at Wang, the computers group.

Wang, the computers group.
There, a salary level of just
fila,340 was enough to qualify for
a peck car last year, according to
a "research file" published a few
months ago by the Top Pay Unit.
The unit itself is part of particular area of its business.
Incomes Data Services, the independent research organisation

salary to attract or retain key personnel in
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stort supply has become more
widespread, according to IDS
and created problems of its own
within companies.

For example, one food manufacturer, short of skills in one
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its research, which unusually focused almost entirely on cars awarded for status, was based on case studies from 18 organisa-tions and written information from 14 others, together with published survey sources such as the widely-used Monks Guide to Company Car Policies.

The study found that company policies towards car allocation vary widely according by type, size and location - and there is a growing blurring of the edges between perk cars and those carry out their job:

me examples: Policies seem most influenced according to business sector, organisations approval of the pol-with all organisations contacted icy is a board matter - and one by IDS emphasising that they which has to be grappled with, in assessed their policies primarily most cases, on an annual basis, against their competitors. Thus Detailed parts of it can be oil companies in general have a looked at much more frequently, much higher "entry level" salary Accountants Peat Marwick for perk cars than computer com- McLintock, a major operator of

The car industry itself is rather times a year on the basis of price more generous to employees with or model changes by Ford and its products than the oil industry. Jaguar.

The car manufacturers have policies which provide not one but about whether it is best for a two or even three cars for senior company to buy its cars outright

place to go job-hunting for UK allocation - which in some com-executives who value the status -panies has been known to take of a "perk" car.

up board-level time which could

pendent research organisation salary to attract staff in the sec-which publishes a range of jour-tor - only to generate much nals in the field of pay and indus-unrest and dissatisfaction elsewhere in the company, where the qualifying level remained

> Although the front line of decision-making is almost invariably the personnel department, IDS, Monks and other survey organi-sations conclude that in most

There is a growing blurring between perk cars and those essential for an employee to carry out

their job

Detailed parts of it can be status cars, was found to be Rarely does an oil company reviewing monthly contract hire provide free petrol for private use rental allowances every week. - a practice widespread through-out the food and drinks industry. reviews its allocations three

managers and executives+, IDS and run the fleet itself or, as the points out. At Jaguar, for exam-ple, 220 senior managers and ists inevitably claim, hand the executives qualify for more than whole business over the "the pro-one car, while perk cars outnum-ber "job need" cars by a ratio of Statistics from the 1988 Monks

more than ten to one.

That is in sharp contrast to a company such as I Lyons, where company such as I Lyons, where lesse company pays a monthly job need cars outnumber the perk rental and the lessor looks after variety by five-to-one.

According to Monks, the number of companies buying their own ears fell by six per cent last year, the number using finance leases fell by 6 per cent, and the number of companies using con-tract hire increased by 11 per

The actual number of vehicles outright purchased by companies fell by nine per cent, while there was a seven per cent rise in the number of vehicles on contract hire and a rise of two per cent in the numbers finance leased.

Yet IDS found a number of companies travelling, so to speak, in the opposite direction: Renault in the opposite direction: Renault Trucks moving from leasing to outright purchase; Peat Marwick McLintock from contract hire to hire purchase; and J. Lyons abandoning a combined lease and purchase policy in favour of outright purchase.

As ever, and as fleet manage-ment specialists such as Gelco International stress, the relative merits of all the forms of vehicle acquisition will depend entirely on the nature, tax and financial position of each individual com-

pany.
The most recent Budget, however, did nothing to alleviate what is shaping up as a severe problem for the contract hire industry - the resolute refusal of the Chancellor to raise the £8,000 purchase price ceiling above hich the cost of leasing a car is disallowed as a full deduction from trading income in corpora-

The £2.000 ceiling has been in force since the Conservative government took power in 1979. At the time £8,000 bought an expensive executive model - now even a mid-range Ford Escort costs more than that

Like the £30,000 mortgage tax relief ceiling, the Government appears content to let the benefit be withered away by inflation - in keeping with its beliefs that perks are an undesirable manifestation of high taxation the need for which should disappear as income tax rates come down.

A claim made by one of the contract hire companies to IDS, that as a result of the Chancelthat as a result of the Charge-lor's unwillingness to sbift ground "leasing will be dead within three years," might have been melodramatic. But it has led to some of the larger, more aggressive leasing specialists to launch schemes aimed at offsetting some, if not all, of the disadvantages.



Sir John Egan, Jaguar chairman, with newly-built cars. Perk cars in the company outnumber "Job need" vehicles by more than ten to one.

For example, Windsor-based to be offset against tax - although Lease Plan UK and the TSB- it still does not overcome another owned Swan National group have gripe of the industry, that the launched contract purchase \$8,000 purchase price ceiling schemes where the user company actually buys the vehicle but it is restrict annual depreciation to operated by the leasing/contract only 22,000 a year.

the company itself, the company car from £700 to £1,400, with an car remains e very attractive additional assessment of £500 if proposition to its operator, says Mr Norman Donkin, co-author of reduced income tax rate of £5 per cont. this means that the typical director of Leve Plen. director of Lease Plan.

salesmen's car will carry a tax petated by the leasing/contract only £2,000 a year.

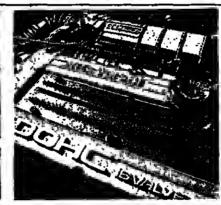
Even though the Budget doucharge of £500 a year still a very life company.

Even though the Budget doucharge of £500 a year still a very bled the assessed tax benefit to low cost for a fully-expensed an employee of a typical 1.6 litre car," Mr Donkin points out.

Before the Budget, IDS calcu-lated that depending on an executive's tax band and the car model, the perk car could be worth up to £29,000 a year in gross salary terms - a figure that will have been lowered, but far from eradicated, by the income tax cuts of the Budget.







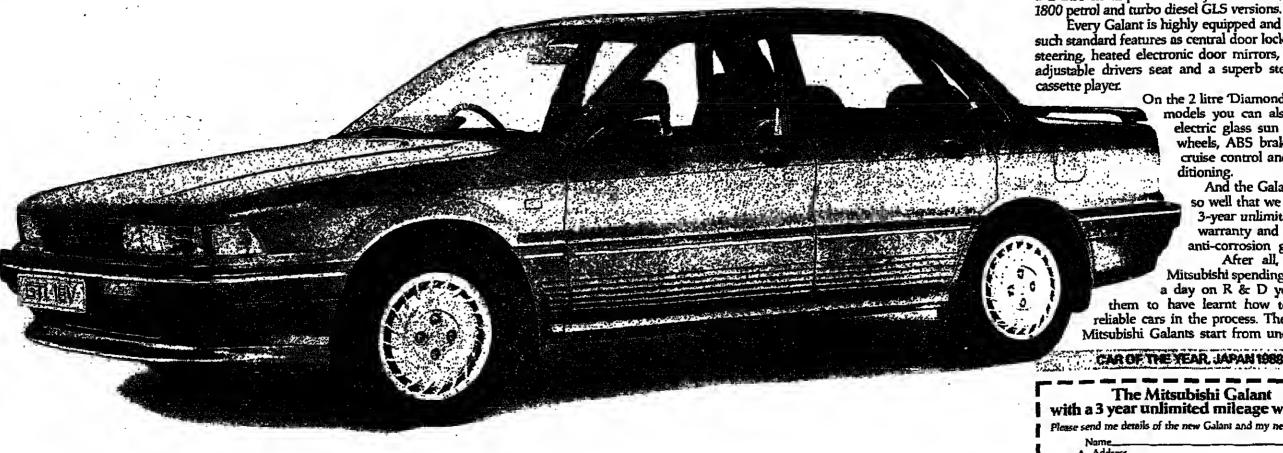
boasts an unprecedented level of engineering sophistication and technologies

cars like the new Mitsubishi Galant.

Already "Car

of the Year" in Japan for 1988, the new Galant

It took a company that spends one million pounds a day on R&D to develop the new Mitsubishi Galant.



Price correct at time of going to press includes Car tha and VAT, but excludes to the road charges For NATO forces Tax Free sales in Europe contact The Coll Car Company Limited, Hockstrasse 56, 4057 Brüggen, W. Germany, Tel: (0)10 49; 2163-7036

Developed from Mitsubishis unique HSR car (the fastest 2 litre in the world) the Galant range now has the added attraction of an exciting 2 litre GTi model featuring Mitsubishis latest 16 valve, Double Overhead Camshaft'engine. The four model line-up also includes a 2 litre 'multi-point' fuel injection GLSi, as well as

Every day, on average, Mitsubishi Motors spends

£1 million on research and development to produce

Every Galant is highly equipped and includes such standard features as central door locking, power steering, heated electronic door mirrors, height adjustable drivers seat and a superb stereo radio/ cassette player.

On the 2 litre 'Diamond Option' models you can also have an electric glass sun roof, alloy wheels, ABS brakes, auto cruise control and air conditioning.

And the Galant is made so well that we give it a 3-year unlimited mileage warranty and a 6-year anti-corrosion guarantee. After all, with

Mitsubishi spending £1 million a day on R & D you'd expect them to have learnt how to make reliable cars in the process. The all new Mitsubishi Galants start from under £9,500."

CAR OF THE YEAR, JAPAN 1988.

The Mitsubishi Galant with a 3 year unlimited mileage warranty. Please send me details of the new Galant and my nearest dealer.

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eading the way.

When improvements have to stop

cialist and volume car makers is already progressing beyond the realm of what might be technically continues to the derided as a too-expensive only speed. But Nissan expects to develop the system failure warnings. cally possibly into what is technic and parts of the motoring Press flash up system failure warnings

cally desirable. technology would be almost the least of the industry's problems option.

The idea, employed in fighter than half of the world's entire aircraft, is to supply the driver storehouse of knowledge being accumulated between the end of accumulated between the end of

To quote just a few examples of road.

Less than 18 months ago, Japanese car manufacturers, notably Honda and Mazda, unveiled the first cars fitted with four-wheel steering intended for commercial

A feature which appeared on paper to be an unalloyed benefit

FULL

DEBATE ABOUT the nature of to the driver-offering a much future executive, luxury and sports cars from the larger special spec

Mr Roger Smith, chairman of Nissan, which has just General Motors, has been fully launched its new Silvia coupe vindicated in his assertion, made model in Japan, incorporates in it soon after taking over the joh in another technology "first" on a the early 1980s, that developing production car - a "head up"

the Second World War and the turn of this century.

her line of sight so their eyes never have to be taken off the

Nissan achieves this by means of a finoresceot digital display for manufacturers to concentrate which is reflected, via mirrors, on to an oxidised panel on the inside

of the windscreen.

The system projects a sharply-defined digital display of the car's speed at an apparent point ers have suggested that some just beyond the windscreen and professed Western cynicism

The Silvia currently projects

Will it be welcomed by drivers? Or will it be regarded, like the third example, electronic display dashboards with voice computers, as yet another gimmick? Distaste among many motor-

ists for the voice computer was strong enough for the UK's Austin Rover group to have dropped them from its current car ranges, even though it was one of the first to introduce them. Some, such as Prof. Ulrich Seif-

fert of Volkswagen, have suggested that it would be better

on lowering the cost of features offering proven, particularly safety, benefits such as anti-skid hraking or four-wheel-drive.

Other motor industry observactual amount by which the

sprouting on Japanese cars sim-ply reflects an unease that Japan's antomotive technology might soon outpace that of the

However, while views may differ on the precise ingredients which should go into making the executive car of the future, there is a general industry consensus that, as the end of the century draws near, executive cars will have become "intelligent", with computers having ultimate con-trol of the dynamic behaviour of the vehicle as well as its engine and transmission systems.

Taken to its extreme, such a car could be described as "drive-by-wire." Just like a "fly-by-wire" jet fighter (which is aerodynami-cally unstable and would fall out of the sky if its computers failed) it would have the "pilot" providing physical inputs, such as steering, but these would be translated into electronic signals to the steered wheels, with the computer itself controlling the

The thinking behind this sort of system is that it could come to the rescue of an inexpert drive who might, for example, react wrongly to an unexpected skid.

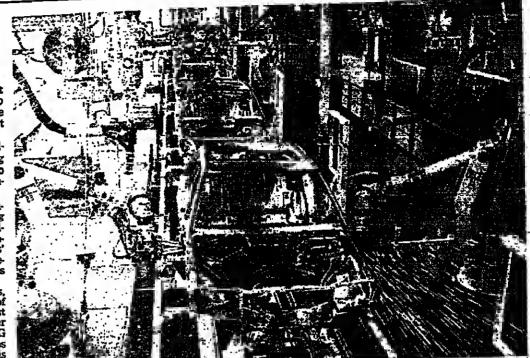
Ford, for one, talks of the intelligent car of the future having everything "from piston to wheels" under one overall computer management system.

The heavy reliance on electronics for such systems is leading some of the executive car specialists to beat a path to the aero-space and electronics industries' doors in order to gain more widespread access to the technologies

It is partly for these reasons, for example, that Daimler Benz of West Germany has, over the past few years, acquired the Dornier aerospace and MTU and AEG electronics and electricals groups (although in the longer term it is concerned, too, to lessen its dependence on car and truck Similar considerations are said

to lie at least partly behind the intended acquisition of the UK State-owned Rover Group by Brit-ish Aerospace, with Sir Roland Smith, BAe chairman, professing to see much "synergy" between the two industries. The executive car of the 1990s

can be expected to have some or all of these features:



Technology advances begin Weiding robots building bodyshells at Dai accurate construction of the car itself.

tronically controlled, so that the flick of a switch. entire powertrain runs at optimum efficiency for performanse venting wheelspin under accele

oreconomy.

• "Adaptive", and eventually skid brakes. "active" suspension, in which rolling in corners or nose-diving most grip;
under braking, as well as allow
the driver to choose sporting or
On a broader front, other projected favourite position. An electronically-managed under braking, as well as allow engine mated to a continuously- the driver to choose sporting or under braking, as well as allow

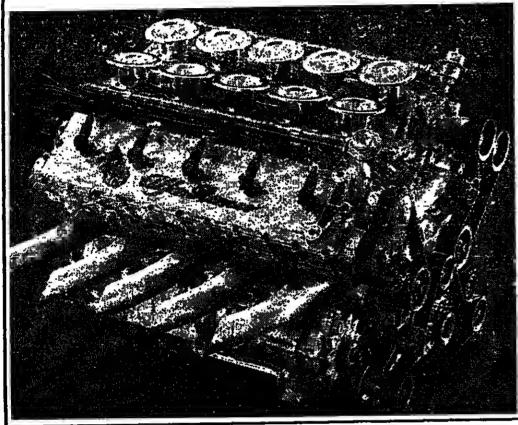
variable transmission, also elec- soft suspension settings by the Electronic traction control, pre-

ation, to complement the anti-• Four-wheel drive in which computers continuously change maximum traction is automatisuspension settings to prevent cally fed to the wheels possessing

ected features include collision avoidance sonar or radar, route guidance systems, moisture-acti-vated windscreen wipers and fully-programmable driving posi-

This last feature would enable the driver to press a button so that a computer automatically adjusts the seat. mirrors and steering wheel to a "remem-

Investing in engines



ALFA ROMEO, which has been owned by Fiat, Italy's largest private industrial group, since the beginning of 1987, has been investing heavily in new engine layouts over the past 18

Features of the racing engine (left), one of the few in the entire history of the car to explore a V10 configuration, are expected to appear in future production engines.

However, there are no confirmed intentions to use the V10 itself in a roadgoing car. This year Alfa has also launched a four-valves per cylinder version of its Boxer four cylinders, horizontally opposed - engine fitted to Alfa 33 and Sprint models, while a "twin-spark" 2-litre engine for the Alfa 75 executive car, incorporating two spark plugs per cylinder, has been well

Alfa is also currently the only manufacturer to incorpo-rate variable valve timing in a

production engine in pursuit of greater efficiency across a wide engine operating range. However, a number of mannfacturers are working on sig-nificant engine innovations, even including variable com-pression ratios.

Valess you are is the transport bestness, what profit is to be

geload fram cepitel tied up in curs, year end trucks? Diel controct

bira is eat only a highly effective method of abtaleting end ranning

vobicles, il releasos feads far ioveslmeels capable of makieg a mare

By cambining it with a parchase/hireboth arrougamont, the edvantages

of Dial contract hire can be applied to existing rehicles as well as one

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contract package coold anhonce tax olliciancy,

simplify administration and reduce and control

langible impact on your balance sheet.

Service standards

Makers taking responsibility

OF ALL THE motor manufacturers. Volvo is perhaps the most explicit in promoting what it calls its "Commitment to Life-

It telis its customers that this is "a recognition of our responsibility for the efficient running of your car, long after the standard warranty period has expired" and agrees to honour its responsibility "for any manufacturing or material defect regardless of the age or mileage of the car."

In essence, so long as the car is weil looked after . which in practice means for as long as it is properly serviced and maintained at a Volvo dealership - Volvo's Lifetime Care Commitment remains in force. Under it, Volvo will pay forrepairs caused by any manufacturing defect, whatever the age of the car. It does not extend to parts

which inevitably wear out - such as hrake pads and exhaust systems, but aims to ensure that customers get reasonable usage out of every component so long as the car is on the road. In some instances. Volvo might snggest the cost is shared between itself and the customer but each case

is judged on its merits.

The guideline is a leaf extracted from the hook of English I am what he hook of English Law: what would a reasonable person expect if the car was looked after in a reasonable

way?
The Care philosophy is being aware of our customers' needs. Other companies nail customer care banners to their masts but we are actually doing something positive about it," said Jack Greaves, Volvo's After Sales Manager, when he introduced a follow-up to the Lifetime Care Commitment last year.

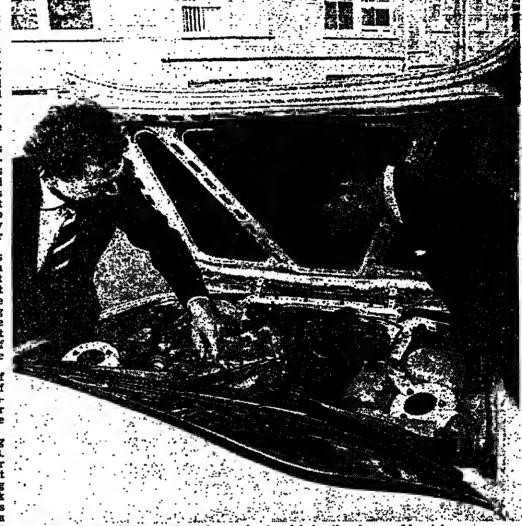
The follow-up is Volvo Careline, a scheme operated Jointly lution; both Vauxhall and Austin with the RAC which in the event Rover rum training courses and of accident or breakdown proincentive schemes intended to vides owners with free 24-hour madside assistance, cartransport works. where necessary, 24-hour car

remarkably loyal, with more than 80 per cent being repeat purchasers. However, there is no complacency at Volvo's high-tech new Marlow headquarters. For some time the company has been operating mystery shopper exercises at dealerships and unless dealers can demonstrate that they are providing ontstanding customer service, there are financial penalties offset against annual sales ought to expect their cars to be both a threat and an opportunity

According to Volvo, more than 80 per cent of the 286-strong network is giving these high levels analysis of a research project available to them. involving 50,000 drivers of new and used Volvo cars. Mr Philip dealer discount structure by Payze, chief executive, says: I reducing margins to 14 per cent am convinced this research rep- and only paying the remaining 3 resents another significant step per cent if the money was forward in our efforts to achieve invested in improving overall retailing excellence.

"However, the encouraging esult does not mean we shall become complacent. On the conrary, now that we are clearly dentifying the weaknesses in our. sustomer interface, we shall mtensify our training activities sphere. Customer care is what in line with our high ambittons." Volvo, of course, is not alone in striving to improve overall standards in the motor trade. Even in

the volume sector manufacturers sales manager at BMW < GB): such as Peugeot are carrying out "The whole industry is now far mystery shopper exercises and more aware that it has ever been introducing new standards that of the need to raise service standealers are expected to work dards. Everyone is now into custowards and are encouraged to tomer handling and customer introduce through hy various care.



pare for a sales and service revo-lution; both Vauxhall and Austin improve standards in their net-

In the executive sector all dealhire, train tickets and taxi fares ers in, for example, the Porsche, hire, train tickets and taxt fares
to enable Journeys to be completed; or overnight hotel accommodation for the driver and passengers if the journey cannot be resumed.

Volvo customera are already remarkably loval, with more than

At such outlets, customers

were trying hard to sell cars. Then it became clear that the best way to maintain of increase sales was to retain as many existing customers as possible; and the best way to retain them was to look after them all the time

they owned their cars. Since it falls to the dealers and their staff actually to provide the higher standards of attention and care, one of BMW's first jobs was to convince them of the benefits.

For some time Volvo has been operating mystery

tion." Mr Nochar claims.

shopper exercises at dealerships, with financial penalties for inadequate service

valetted as routine when in for hnt It has worked. Now the service, for replacement cars to emphasis in terms of dealer be available either free or at investment and training is nominal cost, and for pick-up and mainly on aftersales rather than collection services to be made sales and there is no doubt whatof service, based on a computer collection services to be made soever that standards throughout the network have improved considerably, Mr Nochar says.

> Mr Allan Smith, Saab UK managing director, recently appounced a series of measures requiring high investment hy dealers simed at "presenting the

car in the right sort of atmowill give us the edge over the next few years," he claimed. According to Peter Nochar, car

"We identified this need some

Ford has told its dealers to pre- years ago, at a time when people caused problems is BMW dealers

Getting the dealers to accept this new philosophy represented

From the customer's point of view, there is often some anxiety about the cost of servicing and repairing BMW and other execu-tive cars. Uniquely, BMW cars are all fitted with a computerised service interval indicator which tells drivers when a service is due, based not simply on time of mileage but upon the way in which the car has been driven.

service capacity. The number of service bays did not keep pace with the increase in BMW sales

so in some cases waiting lists for service were up to 10 or 14 days.

try to increase service capacity and now have the waiting list down to three days. And to main-

tain technical standards we insist

that every mechanic in every

dealership attends two training courses each year."

"In all new redevelopments we

SHRI

More frequent services are needed when cars are driven mainly on short runs than those driven on fewer, longer journeys. Now the indicator is accepted technology and customers like it now they can see it actually does work, Mr Nochar says.

However, to counteract any BMW attempts to quantify satfears of large repair bills, BMW has introduced a two-year isfaction among customers by making random visits to dealers and pulling out at random a number of customers' names extended warranty after the normal first-year warranty which will take care of most eventualifrom the sales and service departties. But the bottom line, he says, ment records. These customers are then sent a detailed questionis that "BMW cars are not agricultural machines hut highly naire to discover the actual stansophisticated and complicated dard of overall service they vehicles. Dealers need expensive diagnostic and test equipment in order to go straight to the heart received, and whether or not their expectations were truly satof any problem and this has to be

paid for.
"We believe that if you buy If a certain level of customer satisfaction is achieved, the dealer receives a substantial bonus from BMW, based on the premium-priced goods, you should expect and demand to get total number of labour hours sold premium after-sales service. The closest analogy is that the recep-tion and the standard of service in the previous quarter. "In real terms, we are the only company paying a honus to dealera directly for customer satisfacyou get at a BMW dealership should be the same as you would expect of a five-star hotel." One area in particular which

Martin Derrick

TO FREE CAPIT casts - including feel aspenses, which alone can occount for over 25% of total vehicle-related expendifore. free copital far grawth, contact Diaf Contracts Limited,

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Cars depreciate at different rates for a number of reasons, and before you buy it is worth looking two or three years ahead

Discount today doesn't guarantee value tomorrow

ACCORDING TO predictions in down to only 50 per cent of the Glass's Guide Antostat, new car price; while two-year-old sales in the UK this year will values vary from 55 per cent again top the 2m mark, with prices generally increasing by about 8 per cent.

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As far as the secondhard mar. sons. Some are quite simply betket goes, it is expected to
increase by 13 percent, and residual values could well improve repair for longer; some have covtoo. That is because there has been considerably less discounting in recent months, according Leale Allen, director of Glass's Guide, who says that, with deal-

However, the executive car market is far more susceptible to one or two generalisations about international pressures than the volume market.

One or two generalisations about residuals from published used-car values. The obvious factors are

large car is worth 61

car market has been falling partern has moved through a trough ticularly in the US; and if sales in 1985 (high depreciation) fol-soften, then so will residuals. If lowed by a new peak in 1987. The manufacturers try to compensate forecast is for another trough - for falling sales in Germany and a rise in depreciation rates - in

for falling sales in Germany and the US by attempting to increase 1989.

market share in the UK, that "Furthermore, the rate of would be a real danger, and I depreciation varies with the wonder how long the present strong residuals could be maintained."

Looking at the large car group (defined as those fitted with engines of between 2000 and 2500cc). Autostat notes that a year-old car that has covered 38,000 miles is now worth 61 per car the can to find out what cant of its cost new against 48 the vehicle they have in mind is cent of its cost new, against 48 the vehicle they have in mind is per cent for a two-year-old car. A likely to be worth in two or three car that is three years old has a residual value of 88 per cent after 40,000 miles and a four-year old too difficult to twist a salesman's car has a residual value of just 25 arm and achieve a front-and's count of \$200 that saying

the whole-life running costs of take one, admittedly extreme, certain vehicles. Autostat's figures show that residuals after for a sporty car in late 1985, and one year vary from 67 per cent now considering its replacement.

down to 42 per cent.

Different cars depreciate at different rates, for a number of rea-sons. Some are quite simply betrepair for longer; some have covered fewer miles than others; some are just more attractive cars to 2 wider number of people. The general condition, the col-Guide, who says that, with deal-ers giving less away at the front end, used car prices are tending to harden.

However, it is possible to make wohume market.

"On the volume side, alarm that the higher the milesge the bells would start ringing as soon less the value, and the larger the car the faster it will depreciate.

But there is also another element, according to the 1988 Hertz Report Beyond the Fifth Dimension." Residual values — and values. The obvious factors are that the higher the mileage the sion: "Residual values - and therefore the rate of depreciation

per cent of its cost new

- vary significantly over time according to trends in private and business buying. These factors in turn are related to wider as one of the major manufactures started discounting to maintain market share," Mr Allen says.

"But worldwife, the executive rates) in 1983. Since then the paterns of the major manufacture business confidence.

"There was, for example, a cyclical peak in residual values (meaning lower depreciation rates) in 1983. Since then the paterns of the major manufacture.

However, hidden in those generalities are some massive varia-tions in residual values, which ference in value when the time



One possibility might have been a Porsche 944 at £19,497, though instead an apparently cheaper choice could have been made — a tion, the Porsche is still worth its original price; the Lotus 62.3 Nissan 300ZX Turbo (£17,396), a about £15,200, while the Lotus per cent, the Lancia 44.7 per cent, Lancia Thema LX Turbo will fetch £11,000, the Lancia the Nissan 37.3 per cent and the (£15,966), a Lotus Esprit (£17,680), \$7,500, the Nissan £6,500 and the

startling, the Porache has more to run at 2252 a month than dropped in value £4.297, which is the VW Golf GTi which is priced E2.333 less than the Lotus, £3.023 £2.525 higher at £10.324 yet costs less than the Alfa, and £4.369 and only £248 a month to operate.

£6.599 less than the Lancia and Nissan respectively.

The Calculator also shows that the German BMW 3251 and the German BMW 3251 and the Skipton, North Yorkshire, BD23 BE.

particular car, the most accurate figures of all come from checking the whole-life cost - which would also include fuel, mainte-

Each year, Leasecontracts, a contract hire and leasing specialist, produces its own company

The whole-life cost would also include fuel, maintenance and insurance

car cost calculator, which provides some fascinating insights into what different models can actually cost. It also proves beyond a shadow of a doubt that the worst indicator of true value is the list price.

"Widely-ranging residual valnes and maintenance costs con-tinue to be a minefield to unwary businesses which can make hugely expensive errors if cars are selected on simple purchase price considerations alone," says Geoff Becque, Leasecontracts'

recopie often boast of gaining an extra 1 per cent discount on the purchase price, perheps worth only £75. But when it comes to disposal, there can be differences of £550 between identically-priced models."

retain the strongest residual values

Comparison

**Compar

Lease contracts calculations take into account depreciation, maintenance, vehicle licence, financing, temporary vehicle replacement, AA business mem-bership and fleet administration, plus insurance and fuel costs based on 12,000 miles a year. The results range from the Mini City E, at £135 a month or 17.8p per mile, to the Mercedes-Benz 560SEC, at £1,398 a month, or £165.4p per mile.

But, in between the extremes, bridge, Surrey KT13 OBX, the figures reveal that a Seat | The Hertz Report 1983: from Ibiza SLX, costing 26,745, has the Hertz Leasing, Isleworth House, same monthly operating cost as a Great West Road, Isleworth, Ford Escart XR3i costing £2,400 Middx TW7 5SN. more at £9,141. Similarly, the £7,799 Alfa Romeo 33 TI costs

At the moment, West German cars tend to retain the strongest residual values, while Italian cars, followed by French ones, tend to have weaker secondhand

values.
"The reasons are mostly historic," said Bob Rider, Director of Operations at Lease Plan UK. Remember how Vauxhall suffered for years from one model -the Victor of 1958 - which quite literally rusted away? It probably took them 20 years to live it down. The Italians are still trying to live down their own rust problems and the distress mari

that followed, even though they occurred years ago.
"But each model has to be treated on its own merits, because it's very difficult to generalise. If you mark down all Italian cars, where does that leave Ferrari?"

The CAP Black Book of trade

and retail values shows that a clean low-mileage 1985 Ferrari

At the moment, West German cars tend to

And if you bought a Daytona model in the 1970s for under £10,000, you could sell it new for upwards of £150,000. Which perhaps goes to show that the most useful tool for calculating residu-als might be a crystal ball.

Glass's Guide Autostat: £80 from Glass's Guide Service, Elgin House, St George's Avenue, Aley-

Middx TWT 5SN.

[] 1989 company car cost calculator, from Leasecontracts plc, Lauriston House, Pitchill, Boesham

SURPRISING AS IT MAY SEEM THE EXCITING, FAST AND STYLISH CITROEN BX IS A MORE SHREWD INVESTMENT THAN THE USUAL COMPANY CAR.

financial directors.

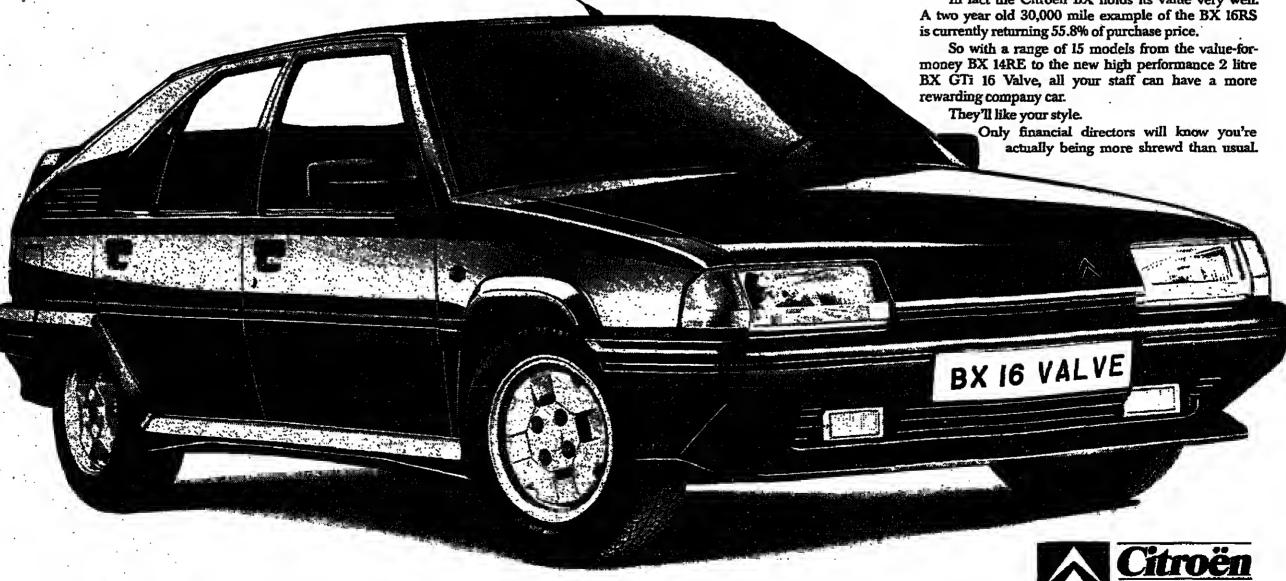
Your staff won't need persuading that the Citroën BX is more stylish than most company cars. Particularly when they find that the BX is satisfyingly faster too.

However, you might be forgiven for imagining that the BX is more expensive to buy. Though it isn't. For example, at £8,322 the BX 16RS costs less than the Sierra 1.6L and Cavalier 1.6L.

Of course (we hear you say) parts and servicing cost more. Actually, they don't.

OK then, what about residuals?

In fact the Citroën BX holds its value very well. is currently returning 55.8% of purchase price.



CAR FEATURED: BX 16 VALUE 173.244. PRICES CORRECT AT TIME OF GOING TO PRESS AND INCLIDE CAR TAX VALUED FRONT/REAR SEAS BETTS, MUNIER PLATES AND DELINERY EXTRA, RESIDURE, VALUES SOURCE; CAP MAY 1986 TO FREE, 30,000 MILES, CLEAN CONDITION,

There are wide differences in acquisition policies in the EC countries, as John Griffiths reports

Germany heads the company car league

characterisations of the UK company car sector is that, because of the particularly favourable tax regime towards them, the UK has a uniquely high proportion of company cars compared with the rest of Europe.

This is simply not the case, according to a survey carried out by vehicle leasing group Lease Plan, using both its own research statistics and those from the European Car and Truck Rental

According to Mr Norman Donkin, Lease Plan UK's managing director, and author with Mr Tony Vernon-Harcourt, of Monks Guide to Company Car Policy, the statistics show a higher proportion of company cars, relative to total car numbers, in West Germany than in the UK.

According to Mr Donkin, 42m of West Germany's 27.9m cars, or 15.1 per cent, are registered to

The differing taxation and VAT regimes are another facet of the Community's struggle towards the 1992 Internal market

companies. That compares with 2.5m out of a total of 19m - 13.2

per cent - for the UK. Lease Plan's figures excinde Italy for the simple reason that, unlike the six EC markets under study, the company does not have operating subsidiaries.

Of the six, however, it does become apparent that West Germany and the UK are well above average in terms of the size of their company car populations.
Using the same statistical

source, France has 550,000 company cars out of a total of 22m (2.5 per cent); Spain 600,000 out of 10m (6 per cent); the Netberlands 400,000 out of 5m (8 per cent); and Belgium 130,000 out of 3.2m (4 per

In most cases, the figures understate the real size of the business car population, as many

ONE OF THE most often heard names and, in one way of another, have some or all of their operating costs paid by busi-

> By precisely how much varies from country to country. In the UK, it is estimated that between 15 and 20 per cent of all new car registrations might fall into this

For obvious reasons, Lease Plan's particular interest in picking apart the European business car scene has been to assess the potential prospects for expanding contract hire and leasing busi-

The research threw up some wide variations. In the UK, where main growth area in terms of company car acquisition, Mr Donkin estimates that some 30 ner cent of company cars, or form of leasing arrangement. This percentage is not dissimilar to those of Belgium (27 per cent) or the Netherlands (35 per cent).

The lower level in Spain - 20 per cent - reflects the relatively more recent growth of the car population and introduction of

The really big disparities are purposes, which are indexed and between West Germany, where require annual recalculation. only 11 per cent of company cars ed, and France, where the devel rises to 55 per cent.

The figures, observes Mr Don-kin, illustrate yet another facet of the complexities of the EC, now struggling towards internal mar ket harmonisation by 1992. Each country has its own particular problems - and opportunities. The differing taxation and VAT regimes illustrate some of the dif-

In Belginm, 25 per cent VAT is imposed on new cars, or 33 per cent if it is over 3 litres. Only half the VAT is recoverable by a busi-

There is even a 25 per cent tax on any discount from the list price obtained by a purchaser. Two different rates of VAT are

imposes on leased vehicle rental payments: one rate for maintenance, one for everything else-only half of which is recoverable.

And in case that is considered cars primarily used for business too simple, there are limits on will be registered in individuals' allowable depreciation for tax



The Mercedes 190E - 15 per cent of Germany's 28m cars are owned by companie:

directors In 16 countries.

These were: the UK, West Ger-

many, France, Italy, Belgium, the Netherlands, Spain,

Greece, Luxembourg, Ireland

Austria, Denmark, Finland,

Sweden, Switzerland and Nor-

The 10 most popular models,

according to the survey, were

the Andi 100, mentioned hy

13.4 per cent of those sur-

eyed; BMW 5 Series and Ford

Scorpio/Granada (8.8 per cent); Mercedes 200 Series (7.6);

Volvo 700 Series (5.9); Renault

25 (5); Volvo 200 (4.5); Saab 900 (3.7); BMW 3 Series (3.2);

and Ford Sierra (2.8).

There are also no firm rules covering the private use element of company cars - tax assessments being strictly a matter for negoti-

WEST GERMAN-BUILT execu-

tive cars are those most

favoured by company chief

executives and other directors

At least they are according

to a survey published earlier this year hy the Executive Compensation Service, a Brus-

sels-based consultancy which

specialises in the size and

ECS arrived at its concin-

sions, which include a "Top

20" ranking for both manufac-

turers and actual car models,

structure of executives' remu-

peration in Europe.

throughout Western Europe.

ation between companies and their local tax offices. Despite this, contract hire companies like Lease Plan, Avis and the to win new business to be Hertz Leasing, together with vehicle manufacturer-linked com-

TOP 20 REVEALS MOST POPULAR MODELS

(Pegueot) believe prospects are sufficiently hright for a brisk bet-A quick glance at the fiscal sit-

The "second division", occu-

Opel Rekord/Vauxhall Carl-

ton (2.6); Mercedes 190 (2.5); Pengeot 505 (2.4); Opel Sena-

tor/Omega (2.1); Lancia Thema

(1.6); Lancia Prisma and

Citroen BX (1.5); and Honda Accord and Mazda 626 (1.4).

show substantial difference

reflecting the fact that while the total volumes of some of

the models sold to the compa-

nies may be low - because, for

example, they are very expen-

sive models at the very top end

The manufacturer rankings

Renault 9 (1.6); Saab 9000

pying places 11 to joint 20,

of the market - the pres

places in the rankings

the marque itself is quite wide-

This factor provides some

consolation to UK companies

Rover Group and Jaguar, which achieve 13th and 19th

The actual Top 20 list runs:

Audi (mentioned by 14.2 per

cent); BMW (12.5); Ford (11.9):

Volvo (10.6); Mercedes (10.4); Renault (8.3); Opel/Vauxhall

(6.3); Saah (5.5); Lancia (3.8);

Pengeot (3.1); Citroen (2.9);

Honda (1.9); Fiat (1.6); Mazda (1.5); Volkswagen (0.7); Toyota (9.6); Jaguar (0.4); and Nissan

Alfa Romeo (2.2): Rover and

panies such as Locaterm uation in France is all that is required to see why the market penetration of company cars is so low, and why employers are much more inclined to pay mileage allowances for executives to

rate of 28 per cent. This is recoverable by contract hire companies, but not by other purchasers, Mr Donkin points out.

However, 28 per cent VAT is also charged on the finance and depreciation element of of contract hire rentals and this is not recoverable by the user.

There is also a specific annual tax on company cars irrespective of whether it is bought or leased and which, depending on vehicle size, ranges from Ffrs 4,800 to Frs 10.500. And just to complete the picture, there are also limits on depreciation allowances.

That more than half of the company car population that does exist is subject to contract hire and fleet management agree ments reflects a strong pitch by French vehicle manufacturers themselves to promote their

Their uniquely strong position when it comes to providing rela-tively attractive terms has esulted in Renault, Peugeot and Citroen between them accounting for some 60 per cent of leasing

Indigenous manufacturers also dominate the West German leas-ing market, estimated at some

But nearly half of these wer eased not to companies but indi-

The low penetration of leasing appears to reflect the relatively benevolent fiscal climate under which cars are operated. Cars bought by companies are su

to 14 per cent VAT hut it is all recoverable, as is the 14 per cent VAT charged on contract hire The Netherlands and Spain differ sharply, yet again. The 35 per cent penetration of leasing in the Netherlands, says Mr Donkin, probably reflects most strongly

ees using their own cars. But there is also the matter of the system whereby the Government adds 20 per cent of the cost

strict controls through the tax

system over mileage reimburse-

ments by companies to employ-

of a company car each year to its VAT is imposed on cars at a user's income - minus any pay-ate of 28 per cent. This is recovement the driver makes to the company for the car's private

> That, in turn, is thought to account largely for another wrinkle in the Dutch company car scene not seen elsewhere: the widespread use of liquefied propane gas (LPG) as a fuel. Some 40 per cent of company cars run on it, compared with 30 per cent patrol and 30 per cent diesel. Drivers do not like to out for diesels because of their higher purchase price relative to petrol models.
> And cars are cheap and easy to
> convert to run on LPG - which is less than half as expensive as

VAT (20 per cent) on pure and rentals are fully allowable against tax except for banks, insurance, government agencies and some non-profit institutions.

in most cases the figures understate the real size of the business car population as many are registered in individuals' names

With no large volume car mak ers present in the market, the Netherlands remains one of the more attractive markets for the leasing companies, with esti-mates of as many as 1m drivers using their private cars for busi

Lease Plan claims market lea ership, but with strong chal-lenges coming from smother pan-European company, Interleasing, as well as Audi/Volkswagen and Opel-linked leasing concerns.

Spain, despite its growing use by multinationals as a base for vehicle production - to the extent that Spain's vehicle output out-strips that of the UK - has a stiff VAT regime discouraging don tic sales. The tax is imposed at a rate of 33 per cent on both car purchase and rantals, and in nei-ther case is recoverable.

after surveying some 3,500 chief executives and other

Resistance to switch-over

Diesels

cifically for the diesel sector in the UK. Diesel Car. was launched proclaiming that British business vas passing up annual savings of £3bn by continuing to run petrolengined cars.

The magazine claimed that many companies were in fact poised to make the switch - but "one major obstacle is resistance to the idea from directors and senior managers who fear they would have to drive diesels if 'the

The article went on to assert that this resistance was based largely on inaccurate and out-

as slow, noisy and smelly.

That sales of cheaper diesel cars, used by private buyers or high-mileage business drivers, are nevertheless enjoying high growth rates is not in doubt.

last year reached 93,235, a 20.1 per cent rise over the previous year comparing with only 14,530 five years previously. Last year's UK market share for diesels reached 4.8 per cent, compared with well under 1 per cent at the end of the 1970s.

But there is virtually no sign that resistance to diesels in the executive car sector is being

For the majority of executives there is too amail an incentive. and too obvious a drawback In performance, for the diesel to appeal

overcome, or will be in the future at least to the absence of either a really sizeable financial carrot, such as the Government introducing a tax regime much more favourable to diesel fuel vis-a-vis petrol than exists now; or an equally hefty financial stick in the form of a third oil crisis and consequent quantum leap in the

Why, for example, should an executive ask his company to pay £12,500 for a Ford Granada 2.5L diesel, with a top speed of less than 90mph and lessurely acceleration of nearly 18 seconds to again only slightly up on 1985's 60mph, when the injected 2 litre 4.590 and the BX accounted for petrol version, in GL specification, can be had for marginally less and offer far superior, near-120mph performance?

For the majority of executives, particularly if the company provides their leisure-use petrol, there is too small an incentive, and too obvious a performance in the forseeable future. drawback, for the diesel option to

appeal.
And even when the executive is paying for his own fuel, such is the acknowledged "benefit" of his sions of both the 3 and 5 series company car in personal taxation terms that there is a widespread



The Mercedes-Benz 230, a dissel widely used by European drivers

in the sales figures. Taking the and we are not really in that Ford example again, out of the market.

35.090 Granadas/Scorpios sold in "Nor do we think there is any the UK last year, just 567 - or 0.02 per cent - were diesels, most of which are believed to have been

bought by taxi operators. Similarly, just over 500 diesel Vauxhall Carltons were sold; Rover group does not even have an executive sector diesel car, and Peugeot Talbot's Peugeot 505 executive diesel sold just 140

Mercedes, much the most dom-inant force in the executive dis-sels sector, achieved just under 2,100 sales - including estate cars or about 10 per cent of its sales

Even when models like Ren-ault's 21 and Citroen's BX diesel car ranges are included in the "executive" sector - considered very much open to debate by other manufacturers, which sug-gest their pricing puts them more into the utility sector - total sales last year reached only 13,265 units. This was barely up on the 1986 figure of 13,160 - despite a record new car market up by

Over 7 per cent Even then, nearly 8,000 of the above total was accounted for by the best-selling HX. An additional 4,825 diesel estate cars were sold nearly 3,400 of these. The market is so small that

BMW of West Germany, which expects to sell some 38,000 cars to British executives this year, does not even bother to import its own range of diesel cars to the UK, and has no intention of doing so A spokesman says: There are two main reasons why we are not

importing them, even though we have diesel and turbodiesel vercars which sell well elsewhere.

Total diesel car sales in the UK
sty year reached \$3,235, a 20.1
er cent rise over the previous ear comparing with only 14,530
The situation is all too evident market is so small in our price, despite total new cars sales in the sector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector. The second is that a large region rising by 6.1 per cent to a proportion of more expensive diesector.

prospect of the situation chang-ing without a hig shift in fuel taxation policy" (of which the UK government has given no sign).

Advocates of the diesel put forward other arguments in its favour, notably lower mainte-nance costs and better resale values compared with petrol-engined cars. Cost savings can also come from businesses installing their own diesel pumps and the vehicles having a longer life.

While most of these arguments are accepted, that relating to resale values increasingly is being called into question.

Mr Leslie Allen, director at Glass's Guide, agrees that resale values of diesel cars were a lot stronger than their petrol equiva-lents in 1985 and 1986. But he suggests that rarity value was at play as a factor and that as more vehicles have come on to the market they are probably approaching or are at parity with

their petrol-engined equivalents. All these arguments, however, are about economy - which studies by Monk's Guide to Com-

Events in the overall European car market in the past two years' tend to bear out the view that what happens to the diesel car sector will be decided almost European diesel car sales which had gone on virtually uninterrupted for 14 years came to an abrupt half. Sales in fact dropped "The first is simply that the 1.9 per cent, to 1.99m units,

Industry Data Identified the setback as being due almost entirely to a slump in the West German market, where diesel cars sales fell nearly 27 per cent, to 567,510. But the slump simply corrected

a huge bulge in sales the previ-ous year which, AID and other analysts believe, had been triggered solely by the uncertainties prevailing over exhaust emis-sions legislation, prompting what AID describes as "a mad dash" into diesels Now that catalyst cars have

how that catalyst cars have become a known quantity - offer-ing only marginally-reduced per-formance from a non-catalyst per-rol car, "the popularity of oil hurners is falling rapidly,"

The boom in diesel sales which had gone on for 14 years came to an abrupt halt, even though sales of new cars rose

Growth is continuing in other markets such as France, Italy and the UK - but predominantly clearly shown is hardly paramong private buyers and busi-mount in most executives' mind when making the frequently transport for the higher paid. The emotive decisions about their cars. one in every four cars sold is

The Italian fuel tax regime such that diesel fuel costs only about half as much as petrol. entirely by factors which have car's roughly 25 per cent better little to do with the intrinsic car's roughly 25 per cent better fael economy compared with a Last year, a boom in West petrol engine, and the combinathe most carefree executive to

John Griffithe

Exhaust emissions

EC closer to full commitment

Buropean Commissioners nopea back in the early 1980s, from back in the early 1980s, from inside the Community would automatically have taken delivery of a car with a full three-way catalyst system to clean up the pollntion from its 2 litre-plus

To the intense disappointment of some quarters, such as the "Greens" of West Germany, it hasn't worked out like that, even though further progress was made at the start of this year towards clearing up more of the longstanding confusion surround-ing legislative standards for car exhaust pollution in the EC. The Commission has now

accepted a set of standards first agreed in principle in 1985 but which subsequently fell foul of national political considerations. They will restrict the amounts of oxides of nitrogen, carbon monoxide and hydrocarbons and

will he applied with varying degrees of severity and under varying deadlines to cars of all sizes between this coming October and the early 1990s. That is the theory. In reality, implementation of the standards is on a permissive basis. In other words, those EC member states which are not too worried about the subject, or at least do not wish to impose further burdens on their national motor indus-tries, are under no obligation to

impose the standards inside their own national boundaries. Other major issues remain unresolved. Precisely how to tackle particulate emissions from diesel cars is not yet agreed, for example; nor is there even a final agreement on a driving test cycle agreement on a driving test cycle disappear as the conviction over which a car's exhaust emissions should be measured. The dards which are less strict than current EC test cycle is based those of the US and Japan, where almost entirely on urban condi- catalysts are mandatory - can

less than 12mph. even though the cars would not Plainly, this no longer reflects be as "clean" as catalystpresent-day driving conditions and a revised cycle will certainly contain an element of high-speed

and vociferous lobby in favour of Black Forest region. cleaning up exhausts excinsively

It is also a major producer of by catalyst systems — led by catalyst systems in its own right, companies such as chemicals making 6,000 a day worldwide, downgrade toeir enous to cut.

5 per cent.

Nevertheless, its research and burn" engine technology in favour of the catalyst.

This is no great deterrent in the luxury and executive sectors. But French and Italian vehicle manu- lean air/fuel mixtures, of about facturers, with a large part of 221, will be able to get by on their ontput devoted to small simple oxidation catalysts which cars, were alarmed by the high require none of the complex sens-percentage price increase implicit ing and other electronic equip-for cars such as the Fiat Uno, ment associated with full three-



Traffic on the Penn Lincoln Highway in Pittaburgh, Pennsylvania. The EC is taking its time to follow the US lead on emission laws

That concern is beginning to equipped ones.
Volkswagen has been offering

catalysts on every model in its range since 1985, reflecting West German concern about heavy This has led to the powerful environmental damage in its

giant Johnson Matthey - to and says it has cut the perfor-argue that vehicle manufacturers mance disadvantage of catalystwill have little choice but to equipped cars compared with downgrade their efforts to cut their non-cat rivals to less than

Nevertheless, as rescaled development officials say that "the future is for the petrol A full three-way catalyst system can be expected to add at least \$400 to the price of a car.

This is no great deterrent in the VW envisages an intermediate

way catalyst systems.

The completely non-catalyst engine, unlikely on large cars much before the end of the cen-tury, will require high-tech features such as a variable compression ratio, VW suggests, but will tions, with an average speed of be met by less expensive means have the benefit of being able to less than 12mph.

use unleaded petrol.

Helmut List, president of the Austrian AVL engineering consultancy which has developed many of the world's best-known engines for carmakers, is even more confident than VW. AVL is already running proto-

type engines without catalysts which meet even the US standards on the current EC cycle, and Helmut List says a higherspeed test cycle will also present West Germany, Denmark and

the Benefux countries are expec-ted to impose the new standards in full on both West Germanbuilt cars and imports.

The UK, France and Italy are much more in favour of leanburn solutions and would rather not implement the standards in full - but are coming under what looks like irresistable pressure from some of their EC export markets to do so.

Much less controversial now is the related issue of unleaded petthe emissions compromise, it was agreed that all new models over 2 this year should be able to use unleaded petrol, as should all new models produced after Octo-ber 1 1989 and all new registrations after October 1 1990.

Designing engines, or adapting existing ones, to run on unlead fuel is much simpler than coping with other emissions and all EC members currently are running cars can and cannot run on

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In the UK, for example, the Society of Motor Manufacturers and Traders estimates that about 10 per cent of cars currently on the road can nse leaded or unleaded and a further 50 per cent could be retuned - mainly a matter of ignition timing - to accept unleaded.

Lead and the wider emissions legislation have been linked only because lead "poisons" catalysts and unleaded fuel, therefore, had to be widely available in Europe before the other emissions legis lation could become effective. The Luxembourg agreement

committed member states to ensuring that unleaded fuel is widely available throughout the Community by October 1990 , and after a slow start in some countries - including the UK - this now looks certain to be the case.

There are, for example, already more than 800 sites in the UK where it is sold, and the UK Chancellor encouraged its use in the last Budget by making it roughly 5 to 6p cheaper per gal-ion than leaded fuel. The prospects for diesel cars may he improved, however, hy the introduction of directly-injected

(DI) diesels, rather than conventional units in which fuel and air are mixed in a pre-combustion chamber before being introduced to the cylinders. Such engines, just introduced by Fiat and soon to be launched in Austin Rover's Montego, offer as much as 15 per cent economy

improvement over the conven-There has been much talk of the merits of DI diesels in recent years, but the slowness of their progress towards the marketplace has led to widespread spec-

ulation that they remain too noisy and unrefined for significant use in cars, However, such an impression is misleading, according to senior executives at AVL, the Austriabased engine engineering consul-tancy which developed, among many others, Ford's 25 litre Di diesel for its Transit van.

"Lots of manufacturers are ready with such engines," says a spokesman. "They are simply waiting for the market to come

John Griffiths

EXECUTIVE CARS 13

Bill Packer asks whether the latest UK tax move will lead to a rethink of the company car concept

More drawn into the higher-paid net

THE TAXABLE benefit for UK income tax purposes of an executive car for its user was doubled in the March Budget. Is the time coming when it will be more to provide their own cars?

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The first for the

That led to te La con a lon talk

And will this lead, if not this year then perhaps next, to a rethink of the whole concept of the "company car?"

Before looking at the present position in detail it is useful to summarise the rules as they currently apply.

These provisions apply to directors and to "higher paid" employees. Here an employee is defined as higher paid if he or she is remunerated at a rate of more than £8,500 per annum.

For this purpose "remunera-tion" includes salary and other payments as normally under-(including a company car) calculated as if the employee were higher paid and any expenses paid on his behalf or reimbursed, regardless of whether or the employee is taxable on any part

of them because of any personal benefit arising. A deduction is allowed for any expenses covered by a dispensation granted to the employer by the Revenue and for any pension

scheme contributions paid The £8,500 per amum threshold has been in force since 1979 and Treasury Ministers show no inclination to adjust it in line with the other tax allowances and thresholds. It has to be assumed that the authorities are happy to see more and more indi-viduals drawn into the higher

Generally directors, regardless

convenience I use the term "employee" to cover any individual within these provisions.

Where an employee within these terms is provided by his employer with a car, he is subject to tax on a benefit in kind (the "scale" or "table benefit") based on the car's size, cost and age.

The current scale takes no The current scale takes no account of the level of business mileage except for the extremes

efft is reduced by half; Onder 2,500 busines year, when the scale benefit is increased by half. (Note that home to office travel is almost invariably "private" not "business" mileage).

More than 18,000 business miles a year, when the scale ben-

There are also adjustments for non-users, for second cars pro-vided by the employer and where the employee makes a contribution towards the cost of providing the car.

This scale has been doubled from the amounts applicable for the tax year 1987-88 and this is of their level of remuneration, are caught by these rules. For convenience I use the term convenience I use the term employee" to cover any individual company car in addition, the cause of the company car is applicable where fuel for contents are of the company car is private use of the company car is provided by the employer.

> cost of the car but not its age; there is a 50 per cent reduction for high (more than 18,000) business mileage, but no loading for low mileage. Also and particu-larly significantly, this scale has not been doubled up as was the car scale described above. On this basis then,

employee provided with a 2000cc way to go before it catches up company car and free private pet-with private expenditure. Howrol in 1983-89 doing 10,000 miles a ever there are circumstances year, half business, half private, where it may still be possible to will be assessed on a benefit in improve on the tax deal. kind of £2,000 (car £1,400 and fuel First, if the employee's private £600). On a marginal tax rate of mileage is low, it may pay him to 40 per cent the actual cost in buy his own petrol and claim an extra tax for \$600.

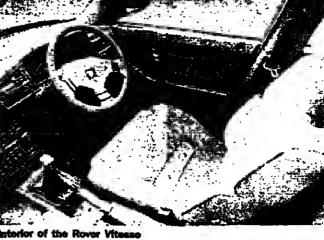
Benefits in kind Cars and car fuel 1988-89 CETS 4 years old or Cars by original market value up to £19,250 and cylinder capacity of: 480 600 900 1400 cc or less 1401 cc to 2000 cc 940 1,450 1,400 more than 2000 cc Cars by original market value less than £6,000 1,050 480 600 £8.500 to £19.250 OWNEET9.250: 900 over £29.000

estimated by the AA would be mates a petrol cost of £5.733 per almost £3,200. These do not take annum mile, giving a total cost of account of interest on capital £229 in the year. The car fuel which is no longer included in scale charge would cost him £600 in the AA's calculations. However, a at 40 per cent = £240.

another 1,000 a year. So it would appear that the an "company car" has quite a long

that this could amount to

extra tax is £800. (The corre- allowance for business mileage sponding cost for a top rate tax- rather than be taxed on the car



proceed as follows:

use: £2,000 x 75% (1,500)

£3.300 = 825

Even though the employee will not be taxable on the benefit arising on the loan write-offs and on a proportion of the interest fore-

Ministers show no inclination to adjust the £8,500 threshold in line with other tax allowances and thresholds

ness mileage is high compared to claim a proportion of the capi-with his private mileage, there tal allowances related to business may be a tax advantage to him if use.

Second, if the employee's busi- his private use, he should be able

the concept of employee loans as attractive in cash flow terms as the type of leasing or contract hire or similar arrangements that be would be able to set up as a

such records);

fleet operator;
(3) The employee will probably not be able to take advantage of the sort of discounts that a fleet

have to be maintained to support

the calculations. (One of the offi-cial justifications for the intro-

duction of the scale charges was

that it did away with the need for

(2) The employer may not find

user can negotiate; (4) The likely depreciation in the value of the car over the whole period of ownership will need to be taken into account to make sure there is no unexpected clawback of allowances in the year of

(5) Company directors are generally prohibited from taking loans from their companies; (6) If the company is "close" for

efit for the current year might tax purposes (broadly under the Running costs, say 25 per cent of control of five or fewer share-holders or of its directors) and the employee is himself a share-Loan waiver (equal to maximum available capital allowances): holder, the loan will be treated as if it were a "distribution" (ie a dividend) by the company so that say £14,000 x 9%%* × 25% = 332 Capital allowances on business a liability to deemed ACT (currently equal to one third of the loan) will fall on the company; Total benefit therefore equals (7) Since the employee's capital

"Official" rate of interest currently applicable for calculating from the employer the liability
tax benefit on interest-free loans.

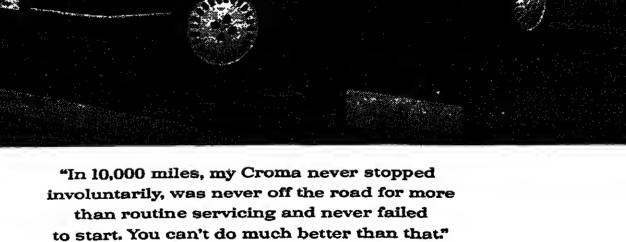
This compares with the normal might contend that the employee did not bear the cost of acquiring the car at all and refuse his claim scale charges of £2,000 already

A number of possible problems for capital allowances.

A number of possible problems for capital allowances.

Bill Packer is National Tax Technical Director of chartered

his employer, instead of providing him with the car, makes him lowing the example of the 2000cc an interest-free loan which is promentioned. payer in 1977-78 would have been fuel scale charge. 21,300 at 60 per cent £780). Thus for a 2000cc car, if the gressively written off in line with that business mileage accounts have to be considered in follow-The corresponding standing individual's private mileage is the capital (tax depreciation) for 75 per cent of the whole, the and running costs as currently only 4,000 in a year, the AA esti-allowances available on the car. ing this approach:



ERIC DYMOCK, SUNDAY TIMES

THANKS, ERIC. TAKE THE REST OF THE NIGHT OFF.

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Trial schemes in Europe

Road guidance systems

THE UK'S Department of Transport in March unveiled a pilot vehicle guidance system, to oper-decided to withdraw from the ats between Heathrow Airport project to concentrate on its own and Westminster, which has pro- research and development needs found implications not just in The UK initiative is thus left terms of time-saving for busy with Jaguar and Rolls-Royce. terms of time-saving for busy drivers but for road infrastructure and the European electronics and communications indus-

If the Antoguide projects works as hoped, by the early 1990s at least 400,000 drivers will be using it to find their way within the M25 orbital motorway system

By then, similar projects will have been developed in West Germany and other EC States so that it should be possible for motor-ists to be guided automatically to almost any destination within major European cities before the

However, even this ambitions project, seen as opening up vast new markets for manufacturers of both the system equipment and in car receiver/fransmitters. forms only part of Europe's joint motor industry research pro-

The acromymn stands for "proremme for a European traffic

Drivers round London vill be using the system in the 1990s

redesign with highest efficiency and unlimited safety." And Prometheus, in turn, is part of Eureka, the Europe-wide collaborative research project aimed at developing new technol-ogies, including the peaceful uses of space research.

The Prometheus initiative came from Daimler-Benz and its research and development chief,

It stemmed from the belief that most traffic problems are caused by a lack of communications between different groups of road users and that, using new tech-nology, traffic systems could be signed to provide virtually accident free private transport flowing smoothly and with much-improved economy and

environmental acceptability.

Dr Hornig's idea was that Prometheus should co-ordinate the necessary individual areas of basic research on a non-competitive basis, but that the research would be converted into technical solutions by the companies incived on a competitive basis. Three main threads of research

were identified: • The development of a car which could be controlled by computers, allowing the driver to switch to fully automatic at low

A communications network between vehicles;

• The guidance system Two years on, Prometheus is looking somewhat different, but mainly in its detail. The broad are a few bottlenecks, so why not intention has emerged to at least take this recommended route halve road deaths in Europe, cur-rently about 50,000 a year, by the end of the century.

The prospect of total control being taken from a driver under

some circumstances on specially-prepared highways looks like being moderated considerably as a result of the various study groups examining the issues involved more closely.

Intervention is now seen as probably being confined to "crisis" situations: automatic braking if the distances between vehicles become too short, for example. Even here, some of the study groups admit, there will have to be care to avoid Big

Brother" connotations.
The steering committee of Prometheus is made up of 12 European vehicle producers (the US multi-nationals are excluded),

The committee now believes that the first commercial spinoffs from the basic research could come as early as 1990, with the automatic guidance system being among the front-runners.

The UK's Autoguide project uses equipment developed by several electronics concerns and involves communication between roadside beacons and transmit ter/receivers mounted within

Broadly similar systems are also undergoing trials on the Continent, with Siemens of West Germany, in particular, well advanced with an infra-red system which can exchange up to eight kilobytes of information between vehicle and beacon at any given time.

In the UK, the Department of system for use within the M25 motorway could be operating in the early 1990s at a cost of about

Makers of system equipment would recoup their investment through subscriptions from users, while makers of in-car units could expect about 2150 per unit, or £50m based on 400,000 initial users.

On that basis, the potential for a Europe-wide, and possibly even world-wide, system is self-evi-dent, creating a market in which a group of manufacturers could share profitably, given clear com-mon standards for equipment.

The capabilities of Autoguide and similar systems extend well beyond simple routing. Take, for example, a British businessman or woman driving, say, a Jaguar tered around West Germany (enough to justify driving rathe than using aircraft and taxis).

Using the eight-kilobyte technology, the driver would be able to communicate to the direction beacon that he was much more interested in time, rather than distance saving - so could the sys-tem please come up with a fast route currently carrying little traffic, even it was not the most

In the absence of input involv-ing specific requests, the system elf would be expected automatically to monitor traffic densities and offer the most efficient route in the event, say, of an accident on the most obvious one.

Given a fully-developed sys tem, it is also expected that the busy executive will be able to jump into his car in the morning and be told as a matter of course either that the normal route to the office is clear, or that there

Though demand for the system has yet to be established, there are already some pointers, including one or two unexpected ones. When the Autoguide concept was first cautiously formulated in the UK, some Department of Transport and Transport and Road research Laboratory scientists had dinner with a group of perceived opinion-for

mers to canvass their reactions. They were somewhat astonished to be told by a banker that he would be prepared to pay \$2,000 for such a system. It would be worth it, he declared, if it could end marriage threatening fights over maps in lay-bys.

John Griffiths



The convenience of phoning during a journey makes the working

Improved equipment has transformed the car into a time-saving mobile office

New systems change life on the road

ilton-Fazey, the Financial Times'

increasingly large number of people who have taken advantage of and marketing of mobile commuadvances in mobile communica-tions aimed at business users in that many things which were writing about the North, the impossible or uneconomic only a North-West and Yorkshire and Humberside, be has to drive about 25,000 miles a year and, before he turned his car into a mobile office, found that much of his day was unproductive.

While be was on the road, he could not make or receive phone calls from his contacts. whenever he wanted to file a story, he had first to find a call box and dictate the story through to the copytakers. Quite apart from the fact thet it was often difficult to find a call box that was working, the whole process

He also had to make time-consuming journeys between his home in Liverpool and office in Manchester to collect documents or press releases that were vital for writing his stories. The installation of four pieces

electronic equipment: a cellu-

The technology and so quickly that many things impossible only a few years ago are now viable or soon will be

lar phone, a portable computer and two faxes - has revolution-ised his working day and improved his productivity.

The cellular phone allows him to keep in touch with his contacts even when on the move. The portable computer enables stories to be filed electronically. And the installation of faxes at home and at his office means he has been able to cut down the number of trips he needs to make between the two places and saved 8,000 miles in travelling each

Even so, Mr Hamilton-Fazey's system does not work perfectly.

VANS AND LIGHT TRUCKS

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FINANCIAL TIMES

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EUROPE'S BUSINESS NEWSPAPER

Northern Correspondent. has to find a stational Mr Hamilton-Fazey is one of an send his story from

few years ago are now viable or

will soon be. Later this month, for example, Comsolve International, a Brighton-based telecommunications marketing company, will be launching what it claims as the first office in a hriefcase. For £1,500, customers will be able to buy a Samsonite brief-case, inside which will be a Cambridge Com-puter Z88 laptop, an A4 Inkjet printer and an intelligent com-munications controller. Customers will have to provide their own cell phone to plug into the sys-

therefore not a gadget for the high-powered yuppie executive -Comsolve's office in a briefcase could well be an attractive busi-ness tool for field sales forces such as computer service engi-

Comsolve's managing director. Mr Phil Hawes, argues that it will be particularly useful for marketing are developing travelling financial service salesmen who now have to comply better than that which they are in a data transmis

> Being able, for example, to access their firm's central computer remotely to check all the available life policies, will enable them to act within the law.

On the same lines - but more upmarket - is the office in a car. For £8,000 (on top of the cost of the vehicle), you can buy from Mobile Management Systems an electronic office mounted in a Renault Espace. The package includes an IBM-compatible computer, mini-printer, TV, mohile phone and dictating machine.

Continuing the miniaturisation which is one of the hallmarks of

either has to send a telex or he portable" fax - the Micrafax has to find a stationary phone to What Sentra means by truly porend his story from. table is a machine weighing Nevertheless, the technology 4.1kg. It retails for £1,099. And in a move which should office in the aircraft, British Tele-

> Mobile communications are far more susceptible to fading. hums and glitches which can ruin data transmission

com and Racal completed Europe's first successful satellite phone call from mid-air - also this month. The system, known as Skyphone, has been designed pri marily for voice traffic though i is planned to extended it to fax and data transmissions.

According to Ian Volans of Racal Vodafone, one of the rea-sons that mobile data communi-cations has not canght on as quickly as mobile voice communications is that the right technology has been slow arriving.

Although it is possible to connect a standard modem to a with the Financial Services Act's mobile phone, the chances of sucprovisions requiring them to give cess when you are on the move their customers "best advice." In are slim. Mobile communications some cases, this means having are much more susceptible to fad-satisfied themselves that there is ing hums and glitches than their no other product on the market static counterparts and such that meets the customer's needs interruptions can be disastrous



offered by Renault whose £15,000 Espace "peo-market provides a go-anywhere no ple carrier" is a highly-equipped vehicle with has many leisure as well as work market provides a go-anywhere machine that room to take large amounts of gear. The Quadra the executive car beyond status.

simply an annoyance.

Vodafone's solution to this problem was to develop a data protocol called CDLC specifically for mobile transmission, and a number of modems that incorpo-rate it. CDLC, Mr Volans says, improves the quality of transmis-

Last year, Vodafone added to CDLC a new system call VMACS, which allows data to be transmi ted with the use of a modem only at the sender's end - under the simple CDLC system modems were needed at both ends of the quicker than phoning transmission. VMACS gives the information, and user access to BT's packet-switch likely to lead to errors.

in voice transmission they are system, Istel's Infotrak, the Mercury 5000 network, IBM's Managed Network Service and a variety of computer systems.
Installing all the necessary

there is more and more use of the system. For example, a system has been installed recently by London's wheel-clamping operation so that van drivers can communicate back to HQ details of increasing amounts of sensitive the cars they have clamped and financial information are being where they are.

Sending data is said to be ect, part of the UK government's quicker than phoning through Alvey programme, is intended to the information, and also less remedy this.

mobile office technology is likely to be the demonstration of a secure mobile messaging system later this year by Hewlett-Pack-ard and Racal. At the moment, equipment is still fairly expen-sive, but Mr Volans says that mobile data transmission is particularly vulnerable to intercep tion because the data is being

sent over the radio waves. Hewlett-Packard argues that security is important when sent from mobile offices. Its proj

Vehicle security

Thefts 'tip of the iceberg'

THEFT OF, and from, cars in the UK has become economically damaging to the business sector because of its sheer volume. Officially, just under 500,000 cars were stolen during 1986, the most recent year for which full statistics are available. Goods

were stolen from a further 600,000. The police clear-up rate was 18 per cent. And, according to Mr Freddie Aldous, president of the British Vehicle Rental and Leasing Association, the official figures may be only "the tip of the iceberg," with huge numbers of thefts from cars going unre-

The clear-up rate, according to Mr Aldous, "is no indictment of the police as they simply do not have the manpower to cope with this plague. Indeed, I sense depair among senior police that the clear-up rate will ever get bet-

ter."

The severity of the problem, not least in the relentless driving-up of vehicle insurance premiums, has reached the point where the BVELA, whose members buy about one in four of the new cars sold each year in the UK, has launched at facilities it its own aimed at tackling it.
It takes the form of what is to be an annual anti-theft award for manufacturers adjudged to have done most in the field of

vehicle security.
Vauxhall was this year's win-ner. But the announcement was coupled with a warning that the overall rate of progress on secu-rity was "exceptionally slow" and that the BVRLA might in future

name manufacturers regarded as dragging their feet on the issue. "They have a moral duty to the car-buying public ...to make cars less easy to steal," says Mr Aldous, who is also chairman of the Trustee Savings Banks-owned Swan National vehicle leasing and rentals group.

His remarks echo the senti-ments of several police reports on the subject which in the past have been critical of many mann-facturers' approach to the issue.

Vauxhall's award was for a mix of anti-theft measures, including a system of deadlocks, audio-visual alarms and coded radios (rendered useless if they are removed from the car to being entered on a computerised which it was first fitted). It followed by a few weeks an announcement by Porsche Cars (GB), the wholly-owned UK importer, that it was to fit door are remains the car alarm, deadlarks and ultraspair alarms.

The West German-built sports cars - Mercedes and BMWe and Jaguars are among the prime targets of "steal-to-order" professional car trent rings. Many of the most expension sphiolog are the most expensive vehicles are resprayed, otherwise disguised activate the system, or evaluate on their way to overseas lock the car, on leaving it markets within a few hours of being stolen.



Approaches vary considerably. Approaches vary considerably. The Autoglass group sprang into life in the early 1980s with a package in which existing vehicle owners could have all the glass panels etched with the vehicle's registration number, it being hopelessly uneconomical for thieves to replace the glass itself.

The concept has since been broadened to many dealers carrying out the etching before delivery, with the details of the car being entered on a computerised

deadlocks and ultrasonic alarms partly on the grounds of relations to its cars in the wake of the latest police report highlighting as £100 or so use a sensor, or the ease with which most cars can be broken into.

The deadlocks and ultrasonic alarms partly on the grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for as little grounds of relatively low cost, which for a little grounds of the grounds

The apparent slowness of vehicle manufacturers themselves in coming up with effective anti-theft solutions has spawned a thriving after-market in the sector.

claimed to arm itself automatic there is an interior to exterior cally by switching on an ultrasconic scanner which continuguisher system and an anti-gascusty sweeps the car interior air filtrations system.

Anti-kidnap and armoured within 10 seconds of the owner increase the base vehicle's cost

The owner, pulled up short by two or three times.

maybe 20 yards away, then has only to aim the key-fob transmitter to which his ignition keys are vehicles, the manufacture of the control of the contr attached at the car and the alarm system locks the door and closes the windows and sunroof. The entire system is disarmed by pressing a second button on the radio key.

sensors in the case of more expensive units, to detect interference with parts of the car not subject to casual contact, externally, internally or both.

The trouble is, according to one aftermarket competitor, Ital Audio, many owners forget to activate the system, or even to lock the car, on leaving it.

Ital's Cobra Goldline system is claimed to arm itself automatically by switching on an ultra-

by two or three times.

The Geneva Motor Show is a prime showcase for such vehicles, the manufacturers of which include Hess and Risenhardt of the US, armourers of US presidential vehicles since the days of Roosevelt and which produce up to 400 secure vehicles a year.

The seeming decline of terrorism inside Europe, but its growth elsewhere, has produced a flourishing business in the form of companies building cars to protect the occupants or prevent their abduction.

Thus only at the end of last year Protected Cars Nederland NV, a Dutch-based group specialising in secure cars, launched a specifically anti-kidnap model wide estimated at about 1,000 wide estimated at about 1,000 units a year for heads of state saloon, and now being extended their own armouring operations, while independents include Trasco International, based in

m West Germany.

They cater to a market worldwide estimated at about 1,000 units a year for heads of state and senior politics figures alone, quite apart from security conscious industrialists and other private individuals.

Defeating rifle and handgum bullets is merely a haste requirement for such vehicles. Specifications of individual vehicles in most cases remain a closely kent

most cases remain a closely-kept secret between manufacturer and purchaser.

But, to quote just two exam-ples, the ability to start such cars by remote control, and to lay down an anti-pursuit smokes-creen, are now much more than figments of James Bond-style

John Griffithe



JULY

OCTOBER

NOVEMBER

berg',



At the beginning of the century, aeroplanes pioneered the use of safety belts.

Not surprisingly, when Saab turned
from just making aeroplanes it was
natural for them to become the first to

fit seat belts as standard to their cars.

And as aeroplanes developed the disc

brake, so Saab borrowed features

like diagonally split brake systems

for the road.

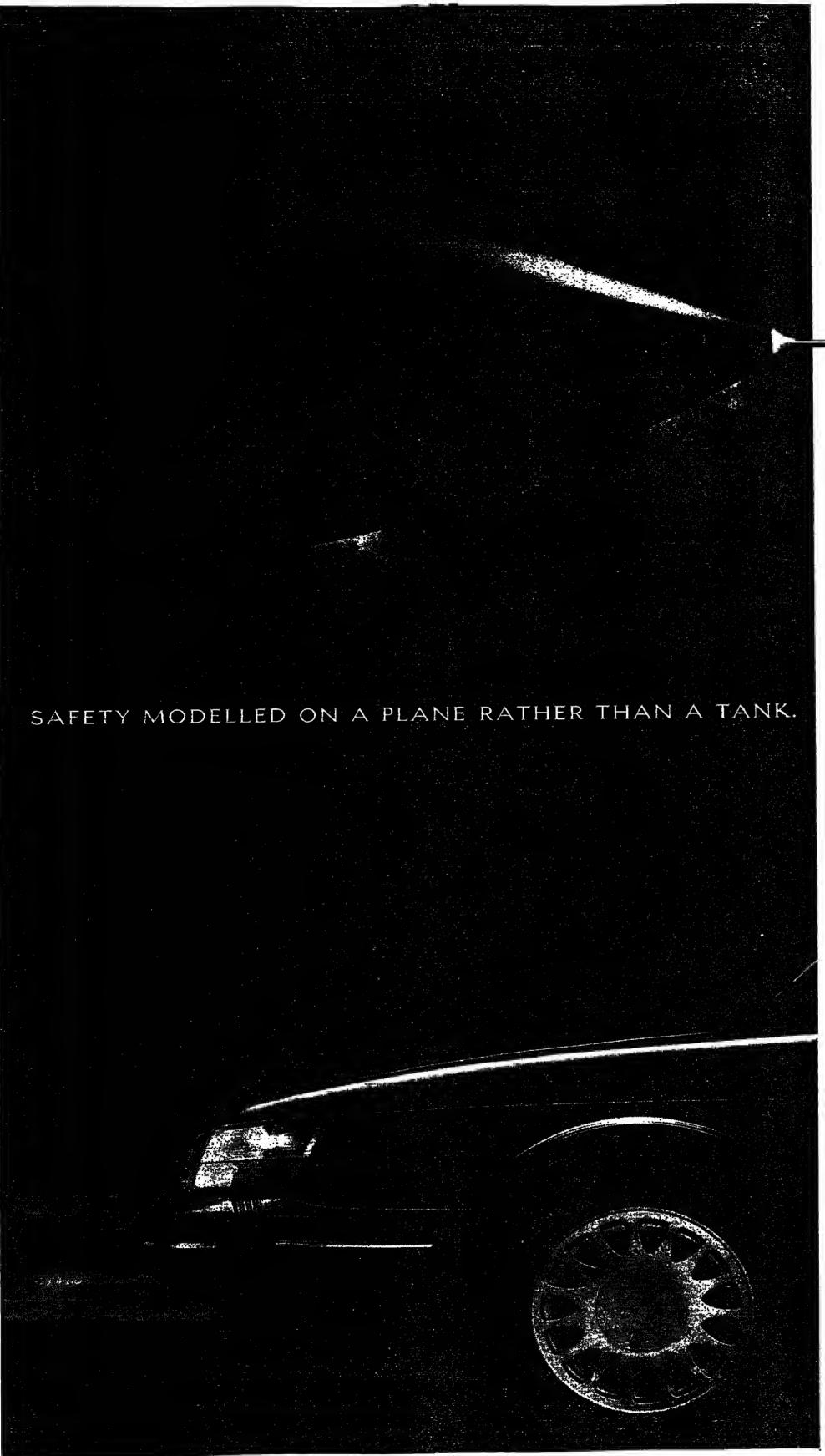
Saab's list of firsts in passenger and driver safety is impressive. Indeed it's one of the main reasons Sweden has earned such a formidable reputation for making safe cars.

However, the real safety benefits from an aircraft influence go beyond the protective steel shell and crumple zones, the reinforced roof pillars, bumpers and doors. Because in aircraft parlance, active avoidance is better than passive survival. For the Saab driver as for the Saab pilot, handling, turn-in, braking balance and driver feed-back are essential.

At Saab, design will never be just a response to legislation or fashion.

of making cars that

last And that reputation was earned
by putting safety first.



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This year's vehicles are tested by Stuart Marshall

Magic-carpet comfort of a BMW





we: the Volkswagen Passat performance"; right: the Jaguar XJ6 3.6 -



WHEN THE Executive Car of the Year is chosen, there can be little doubt about the winner. The seven-model BMW 5-Series, newly-ar-rived in Britain, has everything a business motorist in the under-£16,000 to £25,000 plus class could

require.

There is just one body – a four-door saloon styled with understated elegance - and a choice of four in-line six-cylinder engines, from a 2 litre producing 129 bhp to a 211 bhp 3.5 litre.

The new cars are closer to being 7-Series BMWs on a slightly smaller scale than devel-opments of the former 5-Series. Even the least powerful 520i has

important to all but German autobahn users than the massive torque (pulling power) available at relatively low engine revolu-

sion is standard but most British buyers will prefer the four-speed automatic with an overdrive top gear and fuel-saving mechanical lock-up. The new 5-Series cars have a longer wheelbase and wider track than hefore. Their ride/haudling compromise approaches perfection. For senior management, the

5-litre, V12-engined 750iL which carried me to Geneva and back in magic-carpet comfort and relaxation, is one of the world's best large cars at the moment. Held



does not attract too much atten-tion from the autoroute police, it returned a remarkable 21.9 mpg

The only cars with which the BMW 750iL can be compared are the V8-engined Mercedes S-Class and the Bentley Eight, both of which are longer in the tooth, onething and compare suits match. costlier and cannot quite match

aper but much smaller inside - it is based on the old XJ6 Jag-uar. There is still no car that can Rolls-Royce, is a breath of Old

The Rover 800 series spans a wide price range - from £11,995 of quality, despite their Anglolapanese provenance.

amily, the Range Rover is now is closer in character to a high-slung Jaguar than an on-off road shing Jaguar than an on-off road With the eight-valve engine vehicle with permanent and a full load, frequent gear four-wheel drive and the ability changing is called for on a undu-

the luxury executive sector is and encourages a driver to concentrated on the recently-in-exploit the Passat's admirable calcons costing up to £25,295. The new cars are motorway mile-eathigh-technology crackdown on 2000 Turbo impresses as a refined exs but the 2-litre, 4-cylinder, 16-drivers who flagrantly exceed and rapid package, with a hint of

vinced of the safety benefits when grip between tyre contact patch and road surface is reduced by snow, ice and rain.

(12.9 litres/100kms)

the BMW's ride comfort.

A Daimler Double Six is far

for the 2-litre, carburetter version 820 fastback to £21,893 for the very-highly specified Sterling saloon. I find them most agree-able to drive, with low levels of wind, mechanical and road noise. They feel like proper British cars From a different hranch of the

Though handicapped by an makers oblige and list very light move their of mirealistically small boot, the exquisitely-styled Andi 90 is a leader among the smaller excutive saloons. The five-cylinder, priced and practical business and could be a little engines put it in cars which will attain or exceed a different performance class 130 mph (209kmh) on offer.

takes uncommonly good care of the driver who has to keep going regardless of weather conditions.

The British-built Nissan Blue
Cavalier replacement. Its six-cylinder Senator is a handsome car with all.

The British-built Nissan Bluewheel drive, the more I am con-

pio) 4x4s, the Lancia Integrale, Mercedes-Benz 300 with 4MATIC transmission and the growing number of Japanese cars like the Toyota Celica GT-4 and Camry Toyota Celica GT-4 and Camry GLi4WD transform winter driving. Without any special skills, a driver can keep going when most other cars come to a stop or slide uncontrollably on corners.

The rapid spread of permanent

ly-engaged four-wheel drive is to be welcomed, provided it is used wisely. An insensitive and irre-sponsible driver will still come to equal the Jaguar's ability to suppress road-induced noise, and its internal ambience, like that of a Both systems can only maximise tyre grip: demand more than they can give and loss of control is inevitable.

Many more high-performance executive-class cars from such makers as Peugeot, Citroen and Volkswagen will become available with four-wheel drive in the next year. Among them is the Volkswagen Passat, which VW hopes will make as hig an impact in the medium-size sector as the Golf has in the next-lower class.

The Passat, powered by eight or 16-valve versions of the mainly bought as a roomy, road-going car substitute. The latest an impressive car, with efficient Vogue SE automatic, at a drive- aerodynamics, generous interior away price of more than £27,500, and luggage space and refined

o climb mountains.

Saab's bid for a larger share of is considerably more muscular

valve turbocharged and inter- speed limits, many executive car cooled engine can sound hard-worked when driven briskly on buyers continue to demand high worked when driven briskly on brilly, winding roads.

Though handicapped by an makers oblige and list very high

from the equally beautiful but Among them are the Citroen somewhat lacklustre 1.8 litre, BXGTi and the GTil6V, which four-cylinder 80.

A 90 quattro, with permanent yet has four passenger doors, layfour-wheel drive and ABS brakes, ish luggage space and compre-

The more I use cars with allwheel drive, the more I am conrinced of the safety benefits
when grip between tyre contact
witch and road surface is reduced
by snow, ice and rain.

The Brinsh-dunit Nissan Bine
hird Executive, with a turbocharged 1.8 litre engine, hixury
appointments including leather
trim and a drive-away price of
about £14,000, is rapid though
The Audi quattro models,
refined on the motorway, enerboots instead of tailgates.

of the large Fist Croma Turbo (£15,000) and its up-market close relative, the Lancia Thema LX Turbo at about £17,500, and the

£16,500 Renault 21 Turbo. They do, however, bear watch ing in the wet lest they misbehave under hard acceleration in the lower gears. It is asking a lot power or more on to the road while steering the car, hence the

Rear-wheel drive is better able to handle high power-to-weight the tyre grip can be used to pro-vide traction. Thus the exceedingly fast 201 bhp Ford Sierra Cosworth RSSOO four-door saloon shows less need for all wheel drive on wet and winding roads than, say, a 182 horse power, front-wheel driven Ren

For this reason, Audi has dropped front-wheel drive for its forthcoming flagship, the 200 V8. which will have only quattro

Japan continues to take a tech-nological lead. Four-wheel steering gives the Honda Prelude and one Mazda 626 model tidler handling and a feeling of greater stability at high speeds, plus enhanced manoeuvrability in

The Honda Legend, a close rel-ative of the Rover 800, is an attractive car with a less tradi-Legend coups is for those who like a two-door car with far more

The new Mitsubishi Galant Mercedes about its styling. The move their own cars up-market. The Toyota Camry GLi 4WD saloon, for example, has permanently engaged all-wheel drive Audi quattro alternative at a

Vauxhall (Opel on mainland Europe) is marking time in the medium-sized sector, awaiting the arrival this autumn of the

Efforts to compete

prompted a round of price

These met with resistance from consumers and together with the uncertainties created by the stock market crash, combined to produce a 13.7 per cent drop in European car sales for the year as a whole, compared with a drop of only 10.7 per cent for the US new car market as a whole.

The larger, more affluent of the specialist producers such as Mer-cedes and BMW - each of which produces more than half a million cars a year - are fairly well placed to withstand such set-backs (even Mercedes has decided to make a token cut in its production this year).

But the US situation has produced a sharp reminder for smaller companies, such as Jag-uar and Porsche, that executive and luxury sports car manufacturing remains a volatile and risky business if total output is in the order of 50,000 units a year

Jaguar, which sold 23,000 cars in the US last year - half its total output - has not itself cut back production. But it has seen its profitability fall sharply. From £120m in 1986 profits fell,

at the pre-tax level, to £97m last year. At Nomura Research Insti-tute, Mr John Lawson expects a further fall, to £79m this year and

on the US hy spreading sales more evenly throughout the world, has also been obliged to trim back its investment programme this year, by some £20m

One consolation for Jaguar is that, during the first four months of the current year, it has been faring better in the US than its rivals. Sales were up 11.8 per cent on last year's four-month total compared with further drops of 27 per cent for Porsche, 24.4 per cent for Volvo and 7.4 per cent cent for Volvo and 7.4 per cent for Mercedes (only BMW, up 0.7 per cent and Saab, up 10.7, also put on sales).

makers, but the specialists them-

Among them, BMW will be adding an 8-Series coupe to its still-new 5-Series and 7-Series its product line in the form of a .car purchases by Europeana.

new 3-Series range expected The increased availability of new 3-Series range expected

The increased availability of
before the end of the decade, as
are a new coupe and S-Class

not just banks but retail finance. range from Mercedes.

US-built cars from General and less significant, it argues -Motors, Ford and Chrysler cross-with the spread of lessing as ing the Atlantic eastwards in another contributory factor. numbers for the first time in As a result, DRI says: "It is many years as a result of direct now far less the case that vehicle exports having been made much more attractive by the low dollar.

certainly become apparent by 1992, by when the European Com-munity is scheduled to have a harmonised internal market. Against this background DRI Europe, in its latest world auto-motive forecast, highlights sev-

eral factors from which manufac-

turers might draw some Fears of a US recession and the potential knock-on effects for the global economy, it suggests, are being discounted by economic forecasters thanks to co-operative action by major governments to stimulate import demand, not

But on all fronts, the competition can only get tougher. There are many new models in the pipeline not just from the volume for macro-economic than might least by Japan. have been expected in the past, DRI points out.

But the really new factor, it suggests, lies in the recent emergence of what it sees as "a fundaranges, with complete renewal of mental shift in the financing of

houses, and even the car makers There is, too, the looming possibility of a new generation of ment cycles are becoming less

to as low as £59m in 1989.

The company, which is working hard to lessen its dependence

The true strength of the Japagiven the much greater ability to
nese executive car challenge has defer actual payment into the
yet to be seen in Europe but will future."

